

Company Registration No. 2063581

**Kuwait Petroleum (U.K. Holdings)
Limited
Report and Financial Statements**

31 March 2008

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Kuwait Petroleum (U.K. Holdings) Limited

Report and financial statements 2008

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

Kuwait Petroleum (U.K. Holdings) Limited

Report and financial statements 2008

Officers and professional advisers

Directors

Mr A Al-Houti (resigned 1st November 2007)
Mr H Esmail (appointed 1st November 2007)
Mr A I Behbehani
Mr S W B Whitworth

Secretary

Mrs A Thomson

Registered Office

6th Floor
Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

Auditors

Deloitte LLP
Chartered Accountants
London

Kuwait Petroleum (U.K. Holdings) Limited

Directors' report

The directors present their annual report together with the financial statements and auditors' report for the year ended 31 March 2008. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Principal activity and review of business developments

The principal activity of the company during the year was to maintain continuing overall control of the United Kingdom incorporated group companies.

Principal risks and uncertainties

The directors do not believe that the company has any significant exposure to price, credit, liquidity or cash flow risk. The company does show a net liability position on the balance sheet however, the majority of this consists of monies owed to its immediate and intermediate parent companies. The directors feel there is no significant risk here as the intermediate parent company has confirmed that it will continue to provide financial support to the company to enable it to meet its liabilities as they fall due for the foreseeable future.

Results and dividends

The loss for the financial year after taxation amounted to £782,000 (2007 – loss of £2,168,000).

The directors do not recommend the payment of a dividend (2007 – £nil).

Directors

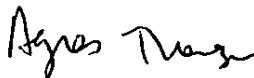
The directors who served throughout the year and subsequently were as follows:

A Al-Houti (resigned 1st November 07)
H Esmail (appointed 1st November 07)
A I Behbehani
S W B Whitworth

Information to auditors

Each of the directors in office at the time when the directors' report is approved confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Approved by the Board of Directors and signed on behalf of the Board


A Thomson
Secretary

11 December 2008

Kuwait Petroleum (U.K. Holdings) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Kuwait Petroleum (U.K. Holdings) Limited

We have audited the financial statements of Kuwait Petroleum (U.K. Holdings) Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London
16 December 2008

Kuwait Petroleum (U.K. Holdings) Limited

Profit and loss account Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Interest income		191	174
Interest expense		(835)	(2,629)
Net interest	2	(644)	(2,455)
Expenses	3	(251)	(139)
Provision for impairment of investments	6	(840)	(273)
Net loss before dividends and tax		(1,735)	(2,867)
Dividend income		953	699
Net loss before and after tax	4,5,11,12	(782)	(2,168)

All results are derived from continuing operations.

There were no acquisitions in either period.

There are no recognised gains or losses for the year other than the results for the year shown above, consequently no statement of total recognised gains and losses is presented.

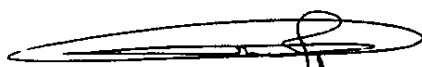
Kuwait Petroleum (U.K. Holdings) Limited

Company balance sheet 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Investments	6	7,661	8,501
		<u>7,661</u>	<u>8,501</u>
Current assets			
Debtors	7	3	10
Creditors: amounts falling due within one year	8	(16,911)	(78,771)
Net current liabilities		<u>(16,908)</u>	<u>(78,761)</u>
Total assets less current liabilities		<u>(9,247)</u>	<u>(70,260)</u>
Creditors: amounts falling due after more than one year	9	(238,763)	(176,968)
Net liabilities	14	<u>(248,010)</u>	<u>(247,228)</u>
Capital and reserves			
Called up equity share capital	10	15,000	15,000
Profit and loss account	11	(263,010)	(262,228)
Shareholders deficit	12	<u>(248,010)</u>	<u>(247,228)</u>

These financial statements were approved by the Board of Directors on 11 December 2008.

Signed on behalf of the Board of Directors



A I Behbehani
Director

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts

Year ended 31 March 2008

1. Accounting policies

A summary of the company's principal accounting policies which have been applied consistently throughout the current and preceding year is set out below.

a) Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

Under s228A of the Companies Act 1985, the company is exempt from the obligation to prepare group accounts as its result, position and cash flows are included within the publicly available consolidated financial statements of KPC Holdings (Aruba) A.E.C., incorporated in Aruba.

b) Cash flow statement

The company's ultimate parent company, Kuwait Petroleum Corporation (note 14), presents consolidated financial statements which consolidate the results of the company and are publicly available. Accordingly under Financial Reporting Standard No. 1 no cash flow statement is included in these financial statements

c) Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment. Investment income is recognised when receivable.

d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing at the period end.

Transactions denominated in foreign currencies are translated at the average exchange rate for the month in which the transaction occurred.

All exchange differences are taken to the profit and loss account immediately.

e) Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Derivative financial instruments

The Company has prepared its accounts in accordance with FRS 26. The Company has elected to take the disclosure exemption available in paragraph 2D of FRS 29, as it is included in the publicly available consolidated financial statements of KPC Holdings (Aruba) AEC, which include disclosures that comply with IFRS 7 (an equivalent accounting standard to FRS 29 under International Accounting Standards).

The company does not enter into any derivative financial instruments.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts Year ended 31 March 2008

1. Accounting policies (continued)

f) Taxation

Corporation tax payable is provided on taxable profits at tax rates which have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

g) Pension costs

The company participates in a group defined benefit scheme. The company has taken advantage of the multi-employer exemption under FRS 17 and accounts for its obligations in respect of the defined benefit scheme on a defined contribution basis, as the net assets of this scheme relating to individual companies cannot be separately identified. The latest actuarial valuation of the defined benefit scheme, prepared in accordance with FRS 17, shows a deficit position. Further details can be found in note 13.

For defined contribution schemes the amount charged to the profit and loss account is the contributions payable in the year.

Further information on pension costs is provided in note 13.

2. Net Interest

	2008 £'000	2007 £'000
Receivable from direct subsidiary undertakings	191	174
Payable to direct subsidiary undertakings	(183)	(69)
Payable to other group undertakings	(652)	(2,560)
	<u>(644)</u>	<u>(2,455)</u>

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts Year ended 31 March 2008

3. Expenses

	2008 £'000	2007 £'000
Administration costs	(133)	(69)
Other	(118)	(70)
	<u>(251)</u>	<u>(139)</u>

4. Loss before tax

The company had no employees in either year other than its directors, none of whom received any remuneration in respect of services to the company. The audit fee in respect of the company's annual accounts, which was borne by another group company, was approximately £5,000 (2007: £5,000).

5. Tax on loss on ordinary activities

There was no current or deferred tax charge in either year. The reconciliation between the total current tax charge and the amount calculated by applying the enacted standard rate of UK corporation tax (30%) to the loss before tax is shown in the reconciliation below.

	2008 £'000	2007 £'000
Current tax		
Loss on ordinary activities before tax	(782)	(2,168)
Corporation tax at 30% (2007: 30%)	(235)	(650)
Effect of:		
Disallowable expenditure	535	103
Other timing differences	(13)	757
Non-taxable income	(287)	(210)
Total current tax charge	<u>-</u>	<u>-</u>

The corporation tax rate as from the 1 April 2008 has reduced to 28%, down from the current rate of 30%.

The company has a potential net deferred tax asset at 31 March 2008 of £129,517 (2007 - £128,760 - restated). This asset has not been recognised as there is insufficient evidence of suitable future taxable profits.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts Year ended 31 March 2008

6. Fixed asset investments

Investments in and loans to subsidiary undertakings are as follows:

	Investments £'000	Loans £'000	Total £'000
Balance at 31 March 2008 at cost	5,627	2,874	8,501
Impairment	(240)	(600)	(840)
Net book value at 31 March 2008	<u>5,387</u>	<u>2,274</u>	<u>7,661</u>

The impairment charge, as shown above, has been recorded to reflect the net asset position of International Diesel Service Limited.

The company's active subsidiary undertakings are as follows:

Name of company	Holding	Voting rights and ownership	Nature of business
Kuwait Petroleum International Aviation Co. Limited	100 £1 ordinary shares	100%	Agents for the supply of aviation fuel
Kuwait Petroleum International Aviation Co. (UK) Limited*	100 £1 ordinary shares	100%	Supply of aviation fuel
International Diesel Service Limited	2,000,000 £1 ordinary shares	100%	Marketing petroleum products
Kuwait Petroleum International Lubricants (UK) Limited	4,400,000 £1 ordinary shares	100%	Blending and marketing of petroleum products
Kuwait Petroleum International Limited	100 £1 ordinary shares	100%	Administrative and advisory
Kuwait Petroleum International Treasury Services Limited	100 £1 ordinary shares 5,000,000 US\$1 ordinary shares	76%	Group treasury services
Kuwait Petroleum (Ireland) Limited	100 €2 ordinary shares	100%	Marketing petroleum products

All of these companies are incorporated in Great Britain, except Kuwait Petroleum (Ireland) Limited, which is registered in the Republic of Ireland

*Subsidiary undertaking not directly owned by the company.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts Year ended 31 March 2008

7. Debtors

Amounts falling due within one year:

	2008 £'000	2007 £'000
Other debtors	2	10
Amounts due from direct subsidiary undertakings	-	-
VAT and other excise duties receivable	1	-
	<u>3</u>	<u>10</u>

8. Creditors: Amounts falling due with in one year

	2008 £'000	2007 £'000
Amounts due to immediate/ intermediate parent	11,675	25,970
Amounts due to affiliate undertakings	11	49,479
Amounts due to subsidiary undertakings	4,623	2,737
Accruals and deferred income	602	585
	<u>16,911</u>	<u>78,771</u>

9. Creditors: Amounts falling due after more than one year

	2008 £'000	2007 £'000
Loans from immediate/ intermediate parent	238,763	176,968
	<u>238,763</u>	<u>176,968</u>

Loans from immediate and intermediate parent undertakings are denominated in sterling and they are interest free.

Borrowings are repayable as follows:

	2008 £'000	2007 £'000
Between one and two years	111,871	-
Between two and five years	67,427	97,927
After five years	59,465	79,041
	<u>238,763</u>	<u>176,968</u>

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts Year ended 31 March 2008

10. Called-up equity share capital

	2008 £	2007 £
Authorised		
100,000,000 (2007 – 100,000,000) ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
Allotted, called up and fully-paid		
15,000,100 (2007 – 15,000,100) ordinary shares of £1 each	<u>15,000,100</u>	<u>15,000,100</u>

11. Reserves

	Profit and loss account £'000
Company	
At 31 March 2007	<u>(262,228)</u>
Retained loss for the financial year	<u>(782)</u>
At 31 March 2008	<u>(263,010)</u>

12. Reconciliation of movements in shareholder's deficit

	2008 £'000	2007 £'000
loss for the financial year	<u>(782)</u>	<u>(2,168)</u>
Net addition to shareholders' deficit	<u>(782)</u>	<u>(2,168)</u>
Opening shareholders' deficit	<u>(247,228)</u>	<u>(245,060)</u>
Closing equity shareholders' deficit	<u>(248,010)</u>	<u>(247,228)</u>

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts Year ended 31 March 2008

13. Pensions

The group headed by the company operates both a funded defined benefit pension scheme and a defined contribution pension scheme in the UK, the assets of which are held in separate trustee administered funds.

The most recent formal actuarial valuation of the defined benefit scheme took place on 31 March 2006.

Additional disclosures regarding the group's defined benefit pension scheme are required under the provisions of FRS 17 "Retirement benefits" and these are set out below.

The actuarial valuation described above has been updated at 31 March 2008 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at bid value.

The major assumptions used for the actuarial valuation were:

	31 March 2008 %	31 March 2007 %	31 March 2006 %
Rate of increase in salaries	5.10	4.80	4.50
Rate of increase in pensions in payment	3.35	3.05	2.75
Discount rate	6.40	5.40	4.90
Inflation assumption	3.60	3.30	3.00

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	2008 %	2008 £'000	2007 %	2007 £'000	2006 %	2006 £'000
Equities	8.60	32,014	8.10	35,174	8.50	31,034
Property	8.10	1,803	-	-	-	-
Bonds	5.25	24,653	5.00	22,401	4.50	20,779
Other	5.25	312	4.30	1,179	4.00	(8)
Total bid value of assets†		58,782		58,754		51,805
Present value of scheme liabilities		(68,913)		(67,138)		(63,798)
Deficit in the scheme		(10,131)		(8,384)		(11,993)

(† Prior to 2007 the "fair" value of assets was used rather than the "bid" value. This change reflects recent amendments to FRS17 disclosures made by the Accounting Standards Board (ASB). The group contributions during the accounting period to 31 March 2008 amounted to £1,953,000. The total contribution amount includes contributions at the rate of 11.9% of Pensionable Salary from 1 April 2007 to 30 June 2007, then 20.3% from 1 July 2007 to 31 March 2008, plus one lump sum contributions of £1.08 million paid into the Scheme in March 2008. The members contributed to the Scheme at the rate of 6% of Pensionable Salary until 30 June 2007 and a rate of 7.0% thereafter. The group contribution rate for the coming year is 20.3%, whilst the members' contribution increases to 8.0% with effect from 1 July 2008.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts Year ended 31 March 2008

13. Pensions (continued)

The funding position on the FRS 17 basis has deteriorated since 31 March 2007. This is mainly due to the volatility in the asset values during the year, leading to a lower asset value than expected at the end of the period. On the liabilities side, allowance for reductions in the rates of mortality has been partially offset by the rise in bond yields.

Analysis of the amount that would be credited / (charged) to operating profit under FRS 17

	2008 £'000	2007 £'000
Current service cost	(1,027)	(1,052)
Past service cost	-	-
Gain on curtailments and settlements	-	-
Total operating charge	<u>(1,027)</u>	<u>(1,052)</u>

Analysis of the amount that would be charged to net finance charges under FRS 17

	2008 £'000	2007 £'000
Expected return on pension scheme assets	4,030	3,709
Interest on pension scheme liabilities	<u>(3,481)</u>	<u>(3,053)</u>
Net credit	<u>549</u>	<u>656</u>

Analysis of the amount that would be recognised in the statement of total recognised gains and losses under FRS 17

	2008 £'000	2007 £'000
Actual return less expected return on scheme assets	(4,473)	(1,630)
Experience gains and losses arising on the scheme liabilities	-	(35)
Changes in assumptions underlying the present value of the scheme liabilities	<u>1,251</u>	<u>(265)</u>
Net actuarial loss	<u>(3,222)</u>	<u>(1,930)</u>

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts Year ended 31 March 2008

13. Pensions (continued)

Movement in scheme deficit during the year

	2008 £'000	2007 £'000
At beginning of year	(8,384)	(11,993)
Current service cost	(1,027)	(1,052)
Contributions	1,953	5,935
Curtailment gains	-	-
Net finance credit	549	656
Actuarial loss	(3,222)	(1,930)
At end of year	<u>(10,131)</u>	<u>(8,384)</u>

History of experience gains and losses

	2008 £'000	2007 £'000	2006 £'000
Difference between the expected and actual return on scheme assets:			
Amount, £'000	(4,473)	(1,630)	6,292
Percentage of scheme assets	(8)	(3)	12
Experience gains and losses on scheme liabilities:			
Amount, £'000	-	(35)	1,089
Percentage of the present value of scheme liabilities	-	-	2
Total actuarial (gain) / loss in the statement of total recognised gains and losses:			
Amount, £'000	(3,222)	(1,930)	916
Percentage of the present value of scheme liabilities	(5)	(3)	1

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the accounts

Year ended 31 March 2008

14. Controlling party

The intermediate parent company and parent of the smallest group of undertakings for which group accounts are drawn up, and of which the company is a member, is KPC Holdings (Aruba) A.E.C., incorporated in Aruba. The consolidated accounts of KPC Holdings (Aruba) A.E.C. may be obtained from the registrar of Companies.

The ultimate parent company, controlling party and the parent of the largest group of undertakings for which group accounts are drawn up, and of which the company is a member, is Kuwait Petroleum Corporation, incorporated in Kuwait. Copies of the consolidated accounts of Kuwait Petroleum Corporation may be obtained from Kuwait Petroleum Corporation, P.O. Box 26565, Safat, Kuwait.

The company's balance sheets show net liability positions at 31 March 2008 and 31 March 2007. The intermediate parent company has confirmed that it will continue to provide financial support to the company to enable it to meet its liabilities as they fall due for the foreseeable future.

15. Related parties

The company has taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with other wholly-owned members of the group headed by Kuwait Petroleum Corporation.