

**Company number: 02063581**

**Kuwait Petroleum (U.K. Holdings) Limited**

**Directors' report and financial statements**

**for the year ended 31 March 2013**



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# **Kuwait Petroleum (U.K. Holdings) Limited**

## **Directors' report and financial statements for the year ended 31 March 2013**

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# **Kuwait Petroleum (U.K. Holdings) Limited**

## **Directors and advisers**

### **Directors**

B Al-Rashidi (appointed 3 June 2013)  
H Esmail (resigned 3 June 2013)  
A I Behbehani (resigned 14 May 2013)  
S W B Whitworth (resigned 14 May 2013)  
K Al-Mushaileh (appointed 13 May 2013)  
F Al-Faraj (appointed 13 May 2013)

### **Company secretary**

W T James (resigned 17 January 2013)  
P Coules (appointed 17 January 2013)

### **Registered office**

6<sup>th</sup> Floor  
Dukes Court  
Duke Street  
Woking  
Surrey  
GU21 5BH

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
9 Greyfriars Road  
Reading  
Berkshire  
RG1 1JG

# **Kuwait Petroleum (U.K. Holdings) Limited**

## **Directors' report for the year ended 31 March 2013 (continued)**

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2013

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

### **Principal activities and review of business**

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

The financial year to 31 March 2013 shows an increase in the net liability position of the company's balance sheet - £269 million (2012 - £252 million) The net liability position of the company is principally due to it being financed by related party loans totalling £355 million (2012 - £350 million) These related party loans are primarily used to invest in subsidiary companies

Exchange rate fluctuations during the financial year have resulted in the increase in value of related party loans as detailed above

The subsidiary companies continue to operate in extremely competitive markets and as a result are exposed to price changes which have the potential to impact each organisation's ability to attract and retain business Global economic conditions continue to be a major factor in a challenging operating environment for subsidiary companies For those companies marketing jet fuel to airlines, of which a subsidiary company is one, there are a variety of factors to consider, including the potential credit risk of customers, changing prices in commodities markets and the impact on consumer demand for air travel in difficult economic circumstances

### **Results and dividend**

The loss before tax for the financial year amounted to £16,972,000 (2012 - £ 3,758,000) The directors do not recommend the payment of a dividend (2012 - £nil)

### **Directors**

The directors who served throughout the financial year and up to the date of signing of the financial statements were as follows

B Al-Rashidi (appointed 3 June 2013)  
H Esmail (resigned 3 June 2013)  
A I Behbehani (resigned 14 May 2013)  
S W B Whitworth (resigned (14 May 2013)  
K Al-Mushaileh (appointed 13 May 2013)  
F Al-Faraj (appointed 13 May 2013)

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

# **Kuwait Petroleum (U.K. Holdings) Limited**

## **Directors' report for the year ended 31 March 2013 (continued)**

### **Disclosure of information to auditors**

In accordance with Section 418, each director in office at the date the directors' report is approved, confirms that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **Independent auditors**

PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors and a resolution concerning their reappointment was proposed and accepted at the Annual General Meeting

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



F Al-Faraj  
Director

12<sup>th</sup> December 2013

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## **Kuwait Petroleum (U.K. Holdings) Limited**

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

We have audited the financial statements of Kuwait Petroleum (U K Holdings) Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Kuwait Petroleum (U.K. Holdings) Limited**

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

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report



John Maitland (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

19 December 2013

## Kuwait Petroleum (U.K. Holdings) Limited

### Profit and loss account for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Administrative expenses		(933)	28
Operating (loss)/profit	2	(933)	28
Income from shares in group undertakings	6	502	1,442
Amounts written off investments		(16,634)	(5,309)
<b>Loss on ordinary activities before interest and tax</b>		<b>(17,065)</b>	<b>(3,839)</b>
Interest receivable and similar income	3	93	81
<b>Loss on ordinary activities before taxation</b>		<b>(16,972)</b>	<b>(3,758)</b>
Tax on (loss) on ordinary activities	5	-	192
<b>(Loss) for the financial year</b>	11	<b>(16,972)</b>	<b>(3,566)</b>

All results derive from continuing operations. No operations were acquired or discontinued in either year.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented.




# Kuwait Petroleum (U.K. Holdings) Limited

## Balance sheet as at 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Investments	6	83,866	96,006
<b>Current assets</b>			
Debtors	7	4,457	3,913
Creditors amounts falling due within one year	8	(30,820)	(30,842)
<b>Net current liabilities</b>		<b>(26,363)</b>	<b>(26,929)</b>
<b>Total assets less current liabilities</b>		<b>57,503</b>	<b>69,077</b>
Creditors amounts falling due after more than one year	9	(326,414)	(321,016)
<b>Net liabilities</b>		<b>(268,911)</b>	<b>(251,939)</b>
<b>Capital and reserves</b>			
Called up share capital	10	15,000	15,000
Profit and loss account	11	(283,911)	(266,939)
<b>Total shareholders' deficit</b>	12	<b>(268,911)</b>	<b>(251,939)</b>

The financial statements on pages 6 to 14 were approved by the board of directors on 12<sup>th</sup> December 2013 and were signed on its behalf by



R. Al-Faraj  
Director

Company number 02063581

# **Kuwait Petroleum (U.K. Holdings) Limited**

## **Notes to the financial statements for the year ended 31 March 2013**

### **1. Accounting policies**

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

#### **Basis of accounting**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The company is a wholly-owned subsidiary and is included in the consolidated financial statements of Kuwait Petroleum Corporation which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006

#### **Going concern**

The intermediate parent company, KPC Holdings (Aruba) A E C, a company incorporated in Aruba, has confirmed its intention to maintain financial support for the foreseeable future of at least 12 months from the date of signing the financial statements to enable the company's liabilities to be settled as they fall due, therefore the directors feel it is appropriate to prepare the financial statements under the going concern basis

#### **Cash flow statement**

In accordance with the exemption allowed by paragraph 5(a) of Financial Reporting Standard (FRS) 1 'Cash flow statements' (revised 1996) a cash flow statement for the company has not been provided, on the grounds that it is a wholly owned subsidiary company of a group headed KPC Holdings (Aruba) A E C and is included in the consolidated financial statements of that company, which are publicly available. KPC Holdings (Aruba) A E C

#### **Fixed asset investments**

Fixed asset investments are shown at cost less provision for impairment. Investment income from shares in group undertakings is recognised when receivable

Impairment reviews are carried out on an annual basis and any impairment is reflected in the profit and loss account

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange prevailing at the balance sheet date

Transactions denominated in foreign currencies are translated into sterling 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 other than the exchange differences arising on the \$150m (2012: \$150m) loan from the intermediate parent. This loan was taken out to finance the increase in investment in Kuwait Petroleum International Aviation Company (UK) Limited and in accordance with SSAP20 paragraph 51, the investment is translated each year with the exchange differences arising taken to reserves against the movement of the borrowing. Exchange differences on this loan of £5,401,500 (2012: £351,000) have been taken to reserves to the extent which exchange gains or losses arising on the borrowings offset against the exchange differences on the equity investment

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 1. Accounting policies (continued)

#### 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

#### 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 and 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 the 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

### 2. Operating profit

	2013 £'000	2012 £'000
Operating (loss)/profit is stated after charging/(crediting):		
Foreign exchange gain	(907)	(9)
Services provided by company's auditor		
Fees payable for the audit	11	9

### 3. Interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable from group undertakings	93	81

### 4. Employee information

The company had no employees in either financial year other than its directors, none of whom received any remuneration in respect of services to the company. No amounts were recharged to the company as their services are incidental to that performed for the rest of the group

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 5. Taxation on profit/(loss on ordinary activities)

	2013 £'000	2012 £'000
Domestic current year tax	-	-
<b>UK corporation tax</b>	-	-
Adjustment for prior year losses surrendered via consortium relief	-	(192)
<b>Total current tax for the year</b>	<b>-</b>	<b>(192)</b>

The reconciliation between the total current tax charge/(credit) and the amount calculated by applying the enacted standard rate of UK corporation tax of 24% to the loss before tax is shown in the reconciliation below

	2013 £'000	2012 £'000
Loss for the financial year before taxation	<b>(16,972)</b>	<b>(3,758)</b>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 24% (2012 – 26%)	<b>(4,073)</b>	<b>(977)</b>
Effects of		
Disallowable expenditure	<b>4,210</b>	1,380
Adjustment for prior year losses surrendered via consortium relief	-	(192)
Non-taxable income	<b>(120)</b>	(386)
Tax losses utilised	<b>(16)</b>	(17)
Group relief to be surrendered for nil consideration	-	-
<b>Total current tax for the year</b>	<b>-</b>	<b>(192)</b>

The company has a potential net deferred tax asset at 31 March 2013 of £106,000 (2012 - £127,000) This asset has not been recognised as there is insufficient evidence of suitable future taxable profits

The main rate of corporation tax reduced from 24% to 23% with effect from 1 April 2013 This change was substantively enacted on 20 March 2013, hence the unrecognised deferred tax asset at 31 March 2013 has been calculated at 23%

In his budget of 20 March 2013, the Chancellor of the Exchequer announced further decreases in the rate of UK corporation tax from 23% to 21% from 1 April 2014 and by an additional 1% reaching 20% with effect from 1 April 2015.

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 6. Fixed asset investments

Investments in subsidiary undertakings are as follows

	Shares in group undertakings £'000
<b>Cost</b>	
As at 1 April 2012	107,905
Exchange adjustments	5,401
<b>At 31 March 2013</b>	<b>113,306</b>
<b>Provisions for impairment</b>	
At 1 April 2012	11,899
Movement for the year	16,634
Exchange adjustment	907
<b>At 31 March 2013</b>	<b>29,440</b>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<b>83,866</b>
At 31 March 2012	96,006

The current basis of valuation for impairment is value-in-use based on the present value of forecast cash flows using a discount rate of 5.5% plus inflation of 2% where applicable (2012: 6.5% + 2%). The directors consider the value of the investments to be supported by their underlying assets.

The current financial year exchange adjustment in investments reflects the revaluation of the \$150,000,000 USD (2012: \$150,000,000) USD investment in Kuwait Petroleum International Aviation Company (UK) Limited, which has a current sterling equivalent amount of £99,055,500 (2012: £93,654,000).

The company's active subsidiary undertakings are as follows:

Name of company	Holding	Voting rights and ownership	Nature of business
Kuwait Petroleum International Aviation Company Limited	100 £1 ordinary shares	100%	Agents for the supply of aviation fuel
Kuwait Petroleum International Aviation Company (UK) Limited	100 £1 ordinary shares 150,000,000 US\$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	5,500,100 £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.

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 7. Debtors

#### Amounts falling due within one year:

	2013 £'000	2012 £'000
Amounts owed by group undertakings	4,264	3,719
Taxation	192	192
Vat	1	2
	<u>4,457</u>	<u>3,913</u>

Amounts owed by direct subsidiary undertakings include a balance of £ 4,191,493 82 bearing interest at floating rates linked to LIBOR, and repayable in April 2013. The remaining balance is interest free and repayable on demand.

### 8. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Loans owed to immediate and intermediate parent	28,579	28,576
Amounts owed to group undertakings	1,966	1,967
Accruals and deferred income	275	299
	<u>30,820</u>	<u>30,842</u>

The amounts owed to the immediate parent company total £21,023,593 and is interest free. The amount owed to intermediate parent company total £7,555,886 and is interest free. These loans are due to be refinanced or repaid in June 2013.

### 9. Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Loans owed to immediate and intermediate parent	<u>326,414</u>	<u>321,016</u>

Loans owed to immediate and intermediate parent undertakings are denominated in GBP sterling – totalling £227,358,767 (2012: £227,361,952) and US dollars – totalling \$150,000,000 (2012: \$150,000,000). All these loans are interest free.

Borrowings are repayable as follows:

	2013 £'000	2012 £'000
Within one year	28,579	28,576
Between one and two years	21,886	28,579
Between two and five years	9,000	21,886
After five years	295,529	270,551
	<u>354,994</u>	<u>349,592</u>

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2013 (continued)

### 10. Called up share capital

	2013 £	2012 £
<b>Authorised</b>		
100,000,000 (2012 100,000,000) ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
<b>Allotted and fully-paid</b>		
15,000 (2012 15,000,100) ordinary shares of £1 each	<u>15,000,100</u>	<u>15,000,100</u>

### 11. Profit and loss account

	£'000
At 31 March 2012	(266,939)
Profit/(Loss) for the financial year	<u>(16,972)</u>
At 31 March 2013	<u>(283,911)</u>

As disclosed in note 1, certain foreign exchange balances are offset in reserves

### 12. Reconciliation of movements in shareholders' deficit

	2013 £'000	2012 £'000
Profit/loss for the financial year	<u>(16,972)</u>	<u>(3,566)</u>
Net decrease/(increase) to shareholders' deficit	<u>(16,972)</u>	<u>(3,566)</u>
Opening shareholders' deficit	<u>(251,939)</u>	<u>(248,373)</u>
Closing shareholders' deficit	<u>(268,911)</u>	<u>(251,939)</u>

### 13. Controlling party

The immediate parent of the company is KPC International N V , a company incorporated in Netherlands Antilles

The parent company of the largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Kuwait Petroleum Corporation (the company's ultimate parent), a company incorporated in Kuwait. Kuwait Petroleum Corporation is owned by the government of Kuwait, who represent the ultimate controlling party. Copies of the consolidated financial statements of Kuwait Petroleum Corporation can be obtained from P O Box 26565, 13126 Safat, Kuwait

The intermediate parent company and parent of the smallest group of undertakings for which group financial statement are drawn up, and of which the company is a member, is KPC Holdings (Aruba) A E C , incorporated in Aruba. The consolidated financial statement of KPC Holdings (Aruba) A E C may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

# **Kuwait Petroleum (U.K. Holdings) Limited**

## **Notes to the financial statements for the year ended 31 March 2013 (continued)**

### **14. Related party transactions**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Kuwait Petroleum Corporation, whose financial statements are publicly available

### **15. Post balance sheet events**

In addition to the changes in rates of Corporation tax disclosed within the note on taxation (note 5) a number of further changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is expected to be included in the Finance Act 2014. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 20% by 1 April 2015. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.