

Registered Number 02063581

Kuwait Petroleum (U.K. Holdings) Limited
Annual report and financial statements
For the year ended 31 March 2017

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Kuwait Petroleum (U.K. Holdings) Limited

Annual report and financial statements for the year ended 31 March 2017

Contents

	Page
Directors and advisors	1
Strategic report for the year ended 31 March 2017	2
Directors' report for the year ended 31 March 2017	4
Independent auditors' report to the members of Kuwait Petroleum (U.K. Holdings) Limited	6
Statement of comprehensive income for the year ended 31 March 2017	8
Statement of financial position as at 31 March 2017	9
Statement of changes in equity for the year ended 31 March 2017	10
Notes to the financial statements for the year ended 31 March 2017	11

Kuwait Petroleum (U.K. Holdings) Limited

Directors and advisors

Directors

B Al Rashidi
K Al Mushaileh
F Al Faraj

Company secretary

P Coules

Registered office

Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

Bankers

National Bank of Kuwait Plc
13 George Street
London
W1U 3QJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

Kuwait Petroleum (U.K. Holdings) Limited

Strategic report for the year ended 31 March 2017

The directors present the strategic report, the directors' report and the audited financial statements of Kuwait Petroleum (U.K. Holdings) Limited (the "Company") for the year ended 31 March 2017.

Review of business

Principal activities

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

The loss for the financial year amounted to £12,834k (2016: £21,274k loss). As shown in the Company's statement of comprehensive income statement on page 8.

The statement of financial position on page 9 of the financial statements shows that the Company's overall financial position at the year end has declined, with net liabilities increasing £249,754k (2016: £236,920k). The net liability position of the Company is principally due to it being financed by related party loans totalling £334,224k (2016: £318,752k). These related party loans are primarily used to invest in subsidiary companies.

Administrative expenses have increased to £3,566k (2016: £176k) primarily as a result of the movement on the exchange rate on the USD loans and investment. Exchange rate movement in the year increased the value of the USD loan of \$150,000k by £15,747k to £120,036k (2016: £104,289k) with a fair valuing adjustment across all the loans payable of £9,860k. The value of the USD investment which had previously been impaired increased in value by £9,061k.

Principal risks and uncertainties

As the Company derives its income from dividends of its subsidiaries their ability to make distributable profits are affected by the following risks and uncertainties.

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.

Going concern

The Company does show a net liability position in the statement of financial income; however, the majority of this consists of monies owed to its immediate and intermediate parent companies. The directors have concluded there is no significant going concern risk with the confirmed continuing financial support from the intermediate holding corporation Kuwait Petroleum Corporation Holdings (Aruba) A.E.C. (which has provided a confirmation of financial support, should it be required for the Company to meet its liabilities as they fall due for at least 18 months from the date of approval of these financial statements), the Company will be able to meet its obligations and liabilities as and when they fall due.

Key performance indicators

Strategy and objectives are set at group level and the objectives do not directly relate to this entity which maintains continuing overall control of the United Kingdom incorporated group companies. For this reason, the directors of Kuwait Petroleum (U.K. Holdings) Limited believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development and position of the business.

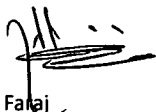
Kuwait Petroleum (U.K. Holdings) Limited

Strategic report for the year ended 31 March 2017

Environment

The Company recognises the importance of its environmental responsibilities. The Company operates in accordance with group policies to minimise its impact on the environment.

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



F Al Faraj
Director
26 October 2017

Kuwait Petroleum (U.K. Holdings) Limited

Directors' report for the year ended 31 March 2017

The directors present their report together with the audited financial statements of Kuwait Petroleum (U.K. Holdings) Limited for the year ended 31 March 2017.

A review of the business, principle risks and uncertainties facing the company including analysis of key performance indicators is presented within the strategic report and is incorporated here by reference.

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Dukes Court, Duke Street, Woking, Surrey, GU21 5BH.

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.

Financial risk management

The Company is exposed to financial risks from a variety of factors. The board is confident that the exposure to these risks is properly managed to limit the possible adverse impact on the financial performance of the Company.

Going concern

The Company does show a net liability position in the statement of financial income; however, the majority of this consists of monies owed to its immediate and intermediate parent companies. The directors have concluded there is no significant going concern risk with the confirmed continuing financial support from the intermediate holding corporation Kuwait Petroleum Corporation Holdings (Aruba) A.E.C. (which has provided a confirmation of financial support, should it be required for the Company to meet its liabilities as they fall due for at least 18 months from the date of approval of these financial statements), the Company will be able to meet its obligations and liabilities as and when they fall due.

Future developments

The Company maintains continuing overall control of the United Kingdom incorporated group companies, the strategy and objectives of these are set at group level and the objectives do not directly relate to this company. The Company will continue in its role of securing funding for the United Kingdom incorporated group companies and where appropriate issue loans to maintain liquidity.

Dividends

There is no plan for payment of a dividend (2016: nil).

Directors

The directors, who held office during the year and up to the date of signing the financial statements, were:

B Al Rashidi
K Al Mushaileh
F Al Faraj

No directors had any interest in the share capital of the Company or any group company at this time.

Directors' indemnity statement

The company maintains liability insurance for its directors and officers in accordance with the Articles of the company. The Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Kuwait Petroleum (U.K. Holdings) Limited

Directors' report for the year ended 31 March 2017 (continued)

Directors' responsibilities statement

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Statement of disclosure of information to auditors

So far as each person currently serving as a director of the Company at the date this report is approved is aware, there is no relevant audit information of which the Company's auditors are unaware and each director hereby confirms that he has taken all 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

The auditors, PricewaterhouseCoopers LLP, will not be reappointed following a tender process in late 2016, Deloitte LLP will be appointed as the Company's external auditor commencing with the 2017 financial year under section 487(2) of the Companies Act 2006.

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



F Al Faraj

Director

26 October 2017

Kuwait Petroleum (U.K. Holdings) Limited

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

Report on the financial statements

Our opinion

In our opinion, Kuwait Petroleum (U.K. Holdings) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss 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.
-

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2017;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Kuwait Petroleum (U.K. Holdings) Limited

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

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
26 October 2017

Kuwait Petroleum (U.K. Holdings) Limited

Statement of comprehensive income for the year ended 31 March 2017

		2017	2016
	Note	£'000	£'000
Administrative expenses		(3,566)	(176)
Amounts written off investments	9	-	(12,220)
Operating loss	6	(3,566)	(12,396)
Income from shares in group undertakings		98	-
Loss before interest and taxation		(3,468)	(12,396)
Finance income	7	494	437
Finance costs	7	(9,860)	(9,315)
Finance costs – net	7	(9,366)	(8,878)
Loss before taxation		(12,834)	(21,274)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year		(12,834)	(21,274)
Total comprehensive expense for the year		(12,834)	(21,274)

The results are derived from continuing operations throughout both financial years. No operations were acquired or discontinued in either financial year.

There is no material difference between the loss on ordinary activities before taxation and the loss for financial years stated above and their historical cost equivalents.

The Company has no other comprehensive (expense)/income other than that included in the results above, and therefore no separate statement of other comprehensive income has been presented.

Kuwait Petroleum (U.K. Holdings) Limited

Statement of financial position as at 31 March 2017

		2017	2016
	Note	£'000	£'000
Non-current assets			
Investments	9	69,070	60,009
Trade and other receivables	10	15,072	12,854
		84,142	72,863
Current assets			
Trade and other receivables	11	10,941	10,693
Creditors: Amounts falling due within one year	12	(10,613)	(1,724)
Net current assets		328	8,969
Total assets less current liabilities		84,470	81,832
Creditors: amounts falling due after more than one year	13	(334,224)	(318,752)
Net liabilities		(249,754)	(236,920)
Equity			
Called up share capital	14	15,000	15,000
Capital contribution		60,062	60,062
Accumulated losses		(324,816)	(311,982)
Total shareholders' deficit		(249,754)	(236,920)

The financial statements on pages 8 to 20 were approved by the board of directors on 26 October 2017
and were signed on its behalf by:



F Al Faraj
Director
Company number: 02063581

Kuwait Petroleum (U.K. Holdings) Limited

Statement of changes in equity for the year ended 31 March 2017

	Called up share capital	Capital contribution	Accumulated losses	Total reserves	Total shareholders' deficit
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2015	15,000	60,062	(290,708)	(230,646)	(215,646)
Loss for the financial year	-	-	(21,274)	(21,274)	(21,274)
Total comprehensive expense for the year	-	-	(21,274)	(21,274)	(21,274)
Balance at 31 March 2016	15,000	60,062	(311,982)	(251,920)	(236,920)
Balance at 1 April 2016	15,000	60,062	(311,982)	(251,920)	(236,920)
Loss for the financial year	-	-	(12,834)	(12,834)	(12,834)
Total comprehensive expense for the year	-	-	(12,834)	(12,834)	(12,834)
Balance at 31 March 2017	15,000	60,062	(324,816)	(264,754)	(249,754)

The Capital contribution account comprises the difference between the fair value of intercompany loans on inception and the proceeds received.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017

1 General information

The principal activity of the Company during the financial year was to maintain continuing overall control of the United Kingdom incorporated group companies. The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Dukes Court, Duke Street, Woking, Surrey, GU21 5BH.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The financial statements of Kuwait Petroleum (U.K. Holdings) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with the Companies Act 2006. The Company does show a net liability position in the statement of financial income; however, the majority of this consists of monies owed to its immediate and intermediate parent companies. The directors have concluded there is no significant going concern risk here as the intermediate parent company, Kuwait Petroleum Corporation Holdings (Aruba) A.E.C. 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.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16 Property, plant and equipment;
 - iii. paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

2 Summary of significant accounting policies (continued)

Basis of accounting (continued)

- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

3 Principal accounting policies

Changes in accounting policy and disclosures

There were no new accounting standards, amendments or interpretations effective from 1 April 2016 that impacted the Company's financial statements.

Consolidated financial statements.

No group financial statements are prepared, in accordance with section 401 of the Companies Act 2006, since an intermediate parent holding company, Kuwait Petroleum Corporation Holdings (Aruba) A.E.C., prepares consolidated financial statements in accordance with the provisions of the seventh directive. Therefore, these financial statements present information as an individual company and not about the group.

Disclosure regarding subsidiaries is made in note 9.

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 using the present value of future incomes calculation with translation to GBP for foreign currency investments at the rate of exchange ruling at the balance sheet date. Any impairment is reflected in the profit and loss account.

Foreign currencies

Monetary assets and liabilities denominated in currencies other than US Dollars are translated into US dollars at the rate of exchange ruling at the balance sheet date. Transactions in such currencies are recorded at the applicable rate of exchange prevailing at the date of the transaction. Differences arising are taken to the income statement.

Financial instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Loans to and from group undertakings are fair valued and disclosed within receivables as amounts owed by subsidiary and payables as immediate and intermediate parent undertakings.

The unwind of the fair value discount is recognised in finance income or cost over the term of the loan.

Classification

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, and loans and receivables.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3 Principal accounting policies (continued)

Financial instruments (continued)

(a) Financial assets and liabilities at fair value through profit or loss.

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets and liabilities in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise receivables in the balance sheet.

Recognition and measurement

Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets and liabilities are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets and liabilities at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

Share capital

Ordinary shares are classified as equity.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3 Principal accounting policies (continued)

Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future relating to the value of investment in subsidiaries. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The deferred tax asset is reviewed and only recognised when there is sufficient evidence of future taxable profits for the Company, as part of the Kuwait Petroleum UK Tax Group, against which the deferred tax asset can be realised. Impairment reviews are carried out on an annual basis using the present value of future incomes method.

5 Segmental information

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

The net liabilities and operating losses are principally due to it being financed by related party loans to invest in its subsidiaries.

Analysis of loss for the financial year by origin

	2017 £'000	2016 £'000
United Kingdom	(1,170)	12,088
Rest of the world	14,004	9,186
	12,834	21,274

Analysis of net liabilities by origin

	2017 £'000	2016 £'000
United Kingdom	(82,591)	(71,265)
Rest of the world	332,345	308,185
	249,754	236,920

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

6 Operating loss

	2017 £'000	2016 £'000
Operating loss is stated after charging		
Foreign exchange loss	3,689	578
Impairment of investments	-	12,220
Services provided by the Company's auditors		
Fees payable for the audit	24	17

Other than its directors, the Company had no employees in either year or key management personnel. The directors did not receive any remuneration in relation to services to the Company in either year. Remuneration was received by three of the Company's directors (2016: three) in respect of their services to other group companies comprised:

	2017 £'000	2016 £'000
Aggregate emoluments (including benefits in kind)	1,711	1,675

Other group company contributions to pension schemes on behalf of three (2016: three) directors were £32k (2016: £27k). No directors were members of either the money purchase or the defined benefit pension scheme in either financial year.

Emoluments payable to the highest paid director are as follows:

	2017 £'000	2016 £'000
Aggregate emoluments	797	799

7 Finance costs and income

	2017 £'000	2016 £'000
Intercompany interest receivable - loan	421	374
Intercompany interest receivable - other	73	63
Total finance income	494	437

	2017 £'000	2016 £'000
Intercompany interest payable – Loan	(9,860)	(9,315)
Total finance costs	(9,860)	(9,315)
Net finance cost	(9,366)	(8,878)

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

8. Tax on loss on ordinary activities

The tax charged for the year is higher (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2017 of 20% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Loss before taxation	(12,834)	(21,274)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	(2,567)	(4,255)
Effects of:		
Expenses not deductible for tax purposes	3,210	4,425
Group income not taxable	(104)	(75)
Group relief to be claimed for nil consideration	(539)	(71)
Effects of deferred tax not recognised	-	(24)
Total tax	-	-

The Company has a deferred tax asset of approximately £47k (2016: £50k) which has not been recognised as there is insufficient evidence of future taxable profits for the Kuwait Petroleum UK Group against which the deferred tax asset can be realised.

The unrecognised deferred tax asset (2016: asset) is made up as follows:

	2017 £'000	2016 £'000
Capital losses	47	50
Net deferred tax asset at 17% current year and prior year	47	50

During the period Finance Act 2016 was enacted and included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020.

As this change was substantively enacted at the balance sheet date the unrecognised deferred tax asset has been calculated at 17%.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

9 Investments

	Shares in group undertakings £'000
Cost	
At 1 April 2016	123,160
Disposal	(4,045)
Exchange adjustments	15,747
At 31 March 2017	134,862
Provisions for impairment	
At 1 April 2016	63,151
Disposal	(4,045)
Exchange adjustments	6,686
At 31 March 2017	65,792
Net book value	
At 31 March 2017	69,070
Net book value	
At 31 March 2016	60,009

The current basis of valuation for the impairment is value-in-use based on the present value of forecast cash flows using a discount rate of 6.2% where applicable (2016: 6.2%). The directors consider the carrying value of the investments to be supported by the value in use of the investments.

The current financial year exchange adjustment in investments reflects the revaluation of the \$150,000k (2016: \$150,000k) USD investment in Kuwait Petroleum International Aviation Company (U.K.) Limited, which has a current sterling equivalent amount of £120,036k (2016: £104,290k).

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

9 Investments (continued)

The Company's active subsidiary undertakings are as follows:

Name of undertaking	Country of incorporation or registration	Registered address	Description of shares held	Voting rights and ownership
Kuwait Petroleum International Aviation Company Limited	Great Britain	Duke's Court, Duke Street, Woking, Surrey, GU21 5BH	100 ordinary £1 shares	100%
Kuwait Petroleum International Aviation Company (U.K.) Limited	Great Britain	Duke's Court, Duke Street, Woking, Surrey, GU21 5BH	100 ordinary £1 shares 150,000,000 ordinary US\$1 shares	100%
Kuwait Petroleum International Lubricants (U.K.) Limited	Great Britain	Marian House, Colton Mill, Bullerthorpe Lane, Leeds, LS15 9JN	4,400,000 ordinary £1 shares	100%
Kuwait Petroleum International Treasury Services Limited	Great Britain	Duke's Court, Duke Street, Woking, Surrey, GU21 5BH	100 ordinary £1 shares	100%
Kuwait Petroleum International Limited	Great Britain	Duke's Court, Duke Street, Woking, Surrey, GU21 5BH	5,500,100 ordinary £1 shares	100%
Kuwait Petroleum (Ireland) Limited (To be liquidated by December 2017)	Republic of Ireland	C/o VP Mullin & Son, Port Road, Letterkenny, Co Donegal, Ireland	1,000 ordinary £1 shares	100%

10 Trade and other receivables

	2017 £'000	2016 £'000
Amounts falling due after one year :		
Amounts owed by subsidiary	15,072	12,854
	15,072	12,854

Amount owed by subsidiary is an interest free intercompany loan denominated in US dollars for \$23,859k with an end date of 1 April 2025.

The loan is stated at amortised cost as at the year end and is based on cash flows discounted using 3.00%. During the year, interest income of £421k was recognised in the statement of comprehensive income.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

11 Trade and other receivables

	2017 £'000	2016 £'000
Amounts falling due within one year :		
Amount owed by group undertakings	10,941	10,693
	10,941	10,693

Amounts owed by group undertakings is a short term interest bearing rolling deposit at a rate of 0.292% (2016: 0.45%) and was repaid on 4 April 2017.

12 Creditors: Amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	1,486	1,485
Immediate and intermediate parent undertakings	8,933	-
Accruals	194	239
	10,613	1,724

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. Loan owed to immediate parent is denominated in GBP sterling is interest free and is due for repayment 30 June 2017. The loan is stated at amortised cost as at the year end and is based on cash flows discounted using 3.00%. During the year, interest expense of £260k was recognised in the Statement of comprehensive income.

13 Creditors: Amounts falling due after more than one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings:		
Immediate and intermediate parent undertakings	334,224	318,752
	334,224	318,752

Loans owed to immediate and intermediate parent undertakings are denominated in GBP sterling – totalling £221,079k (2016: £223,313k) and US dollars – principle value of \$150,000k. The US dollars loan was taken out to finance the increase in investment in Kuwait Petroleum International Aviation Company (U.K.) Limited. Exchange differences on this loan £15,747k (2016: £2,891k) are taken to reserves to the extent which exchange gains and losses arising from the borrowings offset against the exchange differences arising from the equity investment. All these loans are interest free with fixed term repayment dates.

The loans are stated at amortised cost as at the year end and are based on cash flows discounted using 3.00%. During the year, interest expense of £9,600k was recognised in the Statement of comprehensive income.

Kuwait Petroleum (U.K. Holdings) Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

13 Creditors: Amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

	2017 £'000	2016 £'000
Between two and five years	268,793	216,712
After five years	65,431	102,040
	334,224	318,752

14 Called up Share capital

	2017 £'000	2016 £'000
Authorised		
100,000,000 (2016: 100,000,000) ordinary shares of £1 each	100,000	100,000
Allotted and fully paid		
15,000,100 (2016: 15,000,100) ordinary shares of £1 each	15,000	15,000

15 Controlling parties

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. Kuwait Petroleum Corporation financial statements can be obtained from P.O. Box 26565, 13126 Safat, Kuwait. The intermediate parent company of the smallest such group is Kuwait Petroleum Corporation Holdings (Aruba) A.E.C., incorporated in Aruba. Copies of the consolidated financial statements of Kuwait Petroleum Corporation Holdings (Aruba) A.E.C. can be obtained from Dukes Court, Duke Street, Woking, Surrey, GU21 5BH.