Registered Number 02063581

Kuwait Petroleum (U.K. Holdings) Limited
Annual report and financial statements
For the year ended 31 March 2019

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Kuwait Petroleum (U.K. Holdings) Limited

Annual report and financial statements for the year ended 31 March 2019

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Kuwait Petroleum (U.K. Holdings) Limited

Directors and advisors

Directors

N Ben-Butain
A Al-Mutawa
R Jan de Kreij
N Alsabah

Company secretary

P Coules

Registered office

Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
United Kingdom
EC4A 3HQ

Kuwait Petroleum (U.K. Holdings) Limited

Strategic report for the year ended 31 March 2019

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 2019.

Review of business

Principal activities

The principal activity of the Company during the financial year was to serve as intermediary holding company for the United Kingdom incorporated group companies.

The loss for the financial year amounted to £11,755k (2018: £6,427k loss) as shown in the Company's statement of comprehensive income statement on page 9.

The Company has generated an operating loss of £2,255k (2018: operating profit of £3,339k) primarily due to foreign exchange losses (2018: gains) incurred on USD-denominated financial instruments. Imputed interest of £9,973k (2018: £10,273k) reflects the unwinding of a discount on loans payable to parent undertakings.

The statement of financial position on page 10 shows that the Company's overall financial position at the year end has improved due to a capital contribution arising from the extension / rollover of interest-free intercompany loans, with net liabilities decreasing to £210,798k (2018: £253,876k).

Principal risks and uncertainties

As the Company derives its income from dividends of its subsidiaries, it is dependent on ability of subsidiaries to make distributable profits. This is 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, which is the main business of the group, 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.

Currency risk

The Company is also exposed to risks associated with changes in foreign exchange rates. These risks are monitored on an ongoing basis.

Going concern

The Company does show a shareholders' deficit in the statement of financial position; however, substantially all of its liabilities are owed to its immediate and intermediate parent companies. The directors have concluded there is no significant going concern risk as, with the confirmed continuing financial support from the intermediate holding corporation Kuwait Petroleum Corporation ("KPC") 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 12 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.

Kuwait Petroleum (U.K. Holdings) Limited

Strategic report for the year ended 31 March 2019

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.

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:

N Ben-Butain
Director
9 December 2019

Kuwait Petroleum (U.K. Holdings) Limited

Directors' report for the year ended 31 March 2019

The directors present their report together with the audited financial statements of Kuwait Petroleum (U.K. Holdings) Limited for the year ended 31 March 2019.

A review of the business, principal 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 and going concern

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. The principal risks and uncertainties facing the Company, including its ability to discharge liabilities as they fall due for at least 12 months from the date of approval of these financial statements are discussed within the strategic report.

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 (2018: nil).

Directors

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

K Al-Mushaileh (resigned 31 December 2018)
N Ben-Butain
N Bourisli (appointed 30 April 2018 – resigned 4 February 2019)
A Saunders (resigned 28 January 2019)
A Al-Mutawa (appointed 30 January 2019)
R Jan de Kreij (appointed 30 January 2019)
N Alsabah (appointed 6 March 2019)

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

Post balance sheet events

There are no post balance sheet events to report.

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.

Directors' report for the year ended 31 March 2019 (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 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;
- 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; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement on information given to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 (2) of the Companies Act 2006.

Independent auditors

The auditors, Deloitte LLP, have indicated their willingness to continue in office and are deemed to be reappointed.

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

N Ben-Butain
Director
9 December 2019

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kuwait Petroleum (U.K.Holdings) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

Other information (continued)

We have nothing to report in respect of these matters.

Responsibilities of 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

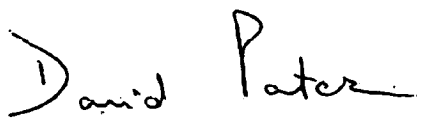
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



David Paterson, ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
9 December 2019

Kuwait Petroleum (U.K. Holdings) Limited

Statement of comprehensive income for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Administrative expenses		(162)	(91)
Foreign exchange (loss)/gain		(2,093)	3,430
Operating (loss)/ profit	6	(2,255)	3,339
Income from shares in group undertakings		-	16
(Loss)/profit before interest and taxation		(2,255)	3,355
Finance income	7	486	491
Finance costs	7	(9,973)	(10,273)
Finance costs, net	7	(9,487)	(9,782)
Loss before taxation		(11,742)	(6,427)
Tax charge	8	(13)	-
Loss for the financial year		(11,755)	(6,427)
Total comprehensive loss for the year		(11,755)	(6,427)

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

The Company has no comprehensive (loss)/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 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments in subsidiaries	9	**65,938**	61,289
Trade and other receivables	10	**15,266**	13,775
		81,204	75,064
Current assets: trade and other receivables	10	**321**	411
Creditors: amounts falling due within one year	11	**(1,723)**	(10,003)
Net current liabilities		**(1,402)**	(9,592)
Total assets less net current liabilities		**79,802**	65,472
Creditors: amounts falling due after more than one year	12	**(290,600)**	(319,348)
Net liabilities		**(210,798)**	(253,876)
Equity			
Called up share capital	13	**15,000**	15,000
Capital contribution		**117,200**	62,367
Accumulated losses		**(342,998)**	(331,243)
Total shareholders' deficit		**(210,798)**	(253,876)

The financial statements on pages 9 to 18 were approved by the board of directors on 9 December 2019 and were signed on its behalf by:

N Ben-Butain
Director
Company number: 02063581

Kuwait Petroleum (U.K. Holdings) Limited

Statement of changes in equity for the year ended 31 March 2019

	Called up share capital	Capital contribution	Accumulated losses	Total reserves	Total shareholders' deficit
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2017	**15,000**	**60,062**	**(324,816)**	**(264,754)**	**(249,754)**
Loss for the financial year	-	-	(6,427)	(6,427)	(6,427)
Total comprehensive loss for the year	-	-	(6,427)	(6,427)	(6,427)
Transactions with owners, recognised directly in equity	-	2,305	-	2,305	2,305
Balance at 31 March 2018	**15,000**	**62,367**	**(331,243)**	**(268,876)**	**(253,876)**
Loss for the financial year	-	-	(11,755)	(11,755)	(11,755)
Total comprehensive loss for the year	-	-	(11,755)	(11,755)	(11,755)
Transactions with owners, recognised directly in equity	-	54,833	-	54,833	54,833
Balance at 31 March 2019	**15,000**	**117,200**	**(342,998)**	**(225,798)**	**(210,798)**

The capital contribution account comprises the difference between the fair value of intercompany loans on inception and the proceeds received. In 2019, interest-free loans from parent undertakings were extended / rolled over resulting in a capital contribution (note 11).

Notes to the financial statements for the year ended 31 March 2019

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 limited by shares and is incorporated and domiciled in England and Wales. 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 Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, 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 shareholders' deficit in the statement of financial position; however, substantially all of its liabilities are owed to its immediate and intermediate parent companies. The directors have concluded there is no significant going concern risk as the intermediate parent company, KPC 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.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that standard. Where relevant, equivalent disclosures have been given in the group accounts of KPC Holdings (Aruba) A.E.C.:

- 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'; and
    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).
- IAS 7, 'Statement of cash flows';

2 Summary of significant accounting policies (continued)

Basis of accounting (continued)

- 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); and
- 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 becoming effective in 2019 (including IFRS 9, 'Financial instruments' and IFRS 15, 'Revenue from contracts with customers') that had a material impact on the Company's financial statements. There are no significant judgements in the accounting policies.

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 contain information about the Company as an individual company and do not contain consolidated financial information of the group of which the Company is the parent. Disclosure regarding subsidiaries is made in note 8.

Investments

Investments in group undertakings are shown at cost less provision for impairment. Any impairment is reflected in the profit and loss account.

U.S. Dollar ('USD') denominated investment in the share capital of the Company's subsidiary, Kuwait Petroleum International Aviation Co (U.K.) Ltd. (note 8), has been funded through a USD-denominated loan (note 11). The loan liability has been designated as a hedging instrument in respect of the foreign currency risk of the investment in the subsidiary equivalent to the designated notional of the loan as of each reporting date.

Investment income from shares in group undertakings is recognised when receivable.

Foreign currencies

The financial statements are presented in pounds sterling (£), which is also the Company's functional currency. Monetary assets and liabilities denominated in currencies other than GBP are translated to GBP 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 profit or loss.

Hedge accounting

The Company designated a USD-denominated liability as a hedging instrument in respect of the foreign currency risk of a USD-denominated investment in the share capital of a subsidiary in a fair value hedge. At the inception of the hedge relationship, the Company documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Company determines and documents causes for hedge ineffectiveness.

The carrying amount of a hedged item is adjusted for the fair value change attributable to the hedged foreign currency risk with a corresponding entry in profit or loss. Hedging gains or losses are recognised in the same line in profit or loss.

3 Principal accounting policies (continued)

Hedge accounting (continued)

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is terminated, or no longer qualifies for hedge accounting.

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 at inception (or renewal) and disclosed within receivables as amounts owed by subsidiaries and payables as amounts owed to immediate and intermediate parent undertakings.

The Company's financial assets are subsequently carried at amortised cost using the effective interest method. 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 recognises a loss allowance for expected credit losses (ECL) on loans to group undertakings. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognises lifetime ECL on loans to group undertakings when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that instrument at an amount equal to 12-month ECL.

Share capital

Ordinary shares are classified as equity.

Income tax

The tax expense for the period comprises current and deferred tax.

Income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet 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 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.

4 Critical judgements and key sources of estimation uncertainty

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. There were no critical accounting judgements applied in the current year.

The Company makes estimates and assumptions concerning the future. 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.

5 Operating (loss)/profit

	2019 £'000	2018 £'000
Operating (loss) / profit is stated after (charging) / crediting		
Foreign exchange (loss)/gain	**(2,093)**	3,430
Services provided by the Company's auditors		
Fees payable for the audit	**(10)**	(12)

Other than its directors, the Company had no employees or key management personnel in either year. The directors did not receive any remuneration in relation to services to the Company in either year.

6 Finance costs and income

	2019 £'000	2018 £'000
Intercompany interest income - loan	**443**	426
Intercompany interest income - other	**43**	65
Total finance income	**486**	491

	2019 £'000	2018 £'000
Intercompany interest expense - loan	**(9,973)**	(10,273)
Total finance costs	**(9,973)**	(10,273)
Net finance cost	**(9,487)**	(9,782)

7 Tax charge

The tax charged for the year is £13k (2018: £nil) at the standard rate of corporation tax for the year ended 31 March 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Loss before taxation	**(11,742)**	(6,427)
Tax at the standard rate of corporation tax in the UK of 19% (2018:19%)	**(2,231)**	(1,221)
Effects of:		
Expenses not deductible for tax purposes	**2,537**	889
Group income not taxable	**(84)**	(84)
Group relief to be (claimed)/surrendered for nil consideration	**(209)**	413
Other	**-**	3
Total tax charge – current tax	**13**	-

The Company has a deferred tax asset (determined at 17% rate) made up of capital losses with no expiry date of approximately £50k (2018: £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.

Notes to the financial statements for the year ended 31 March 2019 (continued)

8 Investments in subsidiaries

	£'000
Cost	
At 1 April 2018	121,206
Exchange differences	8,079
At 31 March 2019	**129,285**
Provision for impairment	
At 1 April 2018	(59,917)
Exchange differences	(3,430)
At 31 March 2019	**(63,347)**
Net book value	
At 31 March 2019	**65,938**
Net book value	
At 31 March 2018	61,289

The USD-denominated loan liability (note 11) has been designated as a hedging instrument in respect of the foreign currency risk of the investment in the share capital of Kuwait Petroleum International Aviation Co (U.K.) Ltd. During the year, the hedge was 100% effective in hedging the fair value exposure of the investment to foreign currency movements and as a result £4,649k of gain on the investment amount was recognised in profit at the same time as an equivalent gain on the loan liability.

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	United Kingdom	Duke's Court, Duke Street, Woking, Surrey, GU21 5BH	100 ordinary £1 shares	100%
Kuwait Petroleum International Aviation Company (U.K.) Limited	United Kingdom	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	United Kingdom	Marian House, Colton Mill, Bullerthorpe Lane, Leeds, LS15 9JN	4,400,000 ordinary £1 shares	100%
Kuwait Petroleum International Treasury Services Limited	United Kingdom	Duke's Court, Duke Street, Woking, Surrey, GU21 5BH	100 ordinary £1 shares	100%
Kuwait Petroleum International Limited	United Kingdom	Duke's Court, Duke Street, Woking, Surrey, GU21 5BH	5,500,100 ordinary £1 shares	100%

9 Trade and other receivables

	2019 £'000	2018 £'000
Amounts falling due after one year :		
Amounts owed by a subsidiary	**15,266**	13,775
	15,266	13,775

Amount owed by a 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 3.0%. During the year, interest income of £443k was recognised in the statement of comprehensive income.

For the purposes of impairment assessment, the directors have considered the financial position of the counterparty and KPC Group and concluded credit risk to be low. Accordingly, for the purpose of impairment assessment for the loan, the loss allowance was measured at an amount equal to 12-month expected credit loss. There has been no change in the estimation techniques or significant assumptions made during the year in assessing the loss allowance for this financial asset.

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Amount owed by group undertakings	**321**	411
	321	411

Amount owed by group undertakings was a short term interest bearing rolling deposit at a rate of 0.671% (2018: 0.438%) that was repaid on 30 April 2019.

10 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	**1,593**	1,518
Immediate and intermediate parent undertakings	-	8,325
Accruals	**130**	160
	1,723	10,003

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

11 Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings:		
Immediate and intermediate parent undertakings	**290,600**	319,348
	290,600	319,348

11 Creditors: amounts falling due after more than one year (continued)

Loans owed to immediate and intermediate parent undertakings are denominated in GBP sterling – totalling £201,081k (2018: £224,263k) and US dollars – principal value of $150,000k. All these loans are interest-free with fixed-term repayment dates.

The USD-denominated interest-free loan was taken out to finance the increase in share capital of Kuwait Petroleum International Aviation Company (U.K.) Limited and was designated as a hedging instrument in respect of the foreign currency risk of that investment equivalent to the designated notional amount of the loan as of each reporting date. The loan with the GBP carrying value (prior to refinancing) of £114,593k was extended during the year for a further ten years resulting in a capital contribution of £24,999k.

The GBP-denominated interest-free loans with the aggregate carrying value (prior to refinancing) of £131,536k were refinanced into two new loan agreements, for a further ten years, with no other changes to the terms or lender, resulting in a capital contribution of £29,835k.

The fair value of the loans was determined based on the contractual cash flows discounted using the rates in the range of 2.5%-4.0% (2018: 3.0%-4.0%).

Borrowings are repayable as follows:

	2019	2018
	£'000	£'000
Between two and five years	**47,000**	166,898
After five years	**243,600**	152,450
	290,600	319,348

12 Called up share capital

	2019	2018
	£'000	£'000
Authorised		
100,000,000 (2018: 100,000,000) ordinary shares of £1 each	**100,000**	100,000
Allotted and fully paid		
15,000,100 (2018: 15,000,100) ordinary shares of £1 each	**15,000**	15,000

13 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 the registered address P.O. Box 26565, 13126 Safat, Kuwait. The intermediate parent company of the smallest such group is KPC Holdings (Aruba) A.E.C. (the registered address Lloyd G. Smith Blvd. 62, Suite 301, Oranjestad, Aruba) incorporated in Aruba. Copies of the consolidated financial statements of KPC Holdings (Aruba) A.E.C. can be obtained from Dukes Court, Duke Street, Woking, Surrey, GU21 5BH.