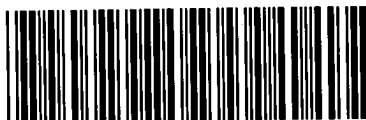


Registered Number 02063581

**Kuwait Petroleum (U.K. Holdings) Limited**  
**Annual report and financial statements**  
**For the year ended 31 March 2018**

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

## **Annual report and financial statements for the year ended 31 March 2018**

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

## **Directors and advisors**

### **Directors**

N Ben-Butain  
N Bourisli  
A Saunders

### **Company secretary**

P Coules

### **Registered office**

Dukes Court  
Duke Street  
Woking  
Surrey  
GU21 5BH

### **Independent auditors**

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 2018**

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 2018.

### **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 £6,427k (2017: £12,834k loss) as shown in the Company's statement of comprehensive income statement on page 10.

The statement of financial position on page 11 of the financial statements shows that the Company's overall financial position at the year end has declined, with net liabilities increasing to £253,876k (2017: £249,754k).

The Company has generated operating profit of £3,339k (2017: Operating loss of £3,566k) primarily due to foreign exchange gains/(losses) incurred on USD denominated Financial instruments. Imputed interest of £10,273k, calculated at 3%, reflect the discounting of the all loans payable.

#### **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, 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 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 net liability position 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 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 2018**

### **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**

17 January 2019

# Kuwait Petroleum (U.K. Holdings) Limited

## Directors' report for the year ended 31 March 2018

The directors present their report together with the audited financial statements of Kuwait Petroleum (U.K. Holdings) Limited for the year ended 31 March 2018.

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.

The directors consider the principal risk and uncertainties that face the Company to be as follows:

#### *Currency risk*

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

#### *Liquidity risk*

The Company actively maintains an appropriate level of debt to meet its liquidity needs through borrowing from other group companies, when required.

#### *Interest rate risk*

Interest rate exposure results from the terms of intercompany transactions with the group.

These risks and management practices are consistent with those in the previous year.

### **Going concern**

The Company does show a net liability position 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 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 (2017: nil).

# Kuwait Petroleum (U.K. Holdings) Limited

## Directors' report for the year ended 31 March 2018 (continued)

### 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 (appointed 1 November 2017)  
N Bourisli (appointed 30 April 2018)  
A Saunders  
B Al Rashidi (resigned 9 January 2018)  
F Al Faraj (resigned 1 November 2017)

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' 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 including comprising FRS 101 "Reduced Disclosure Framework"). 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.

# Kuwait Petroleum (U.K. Holdings) Limited

## Directors' report for the year ended 31 March 2018 (continued)

### 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/she ought to have taken as a director in order to make himself/herself 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**

17 January 2019



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

## **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 2018 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 15.

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.

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

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

### **Report on the audit of the financial statements (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](http://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.

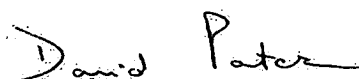
# **Kuwait Petroleum (U.K. Holdings) Limited**

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

### **Report on the audit of the financial statements (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 (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

17 January 2019

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

### Statement of comprehensive income for the year ended 31 March 2018

		2018	2017
	Note	£'000	£'000
Administrative (expenses)/income		(91)	123
Foreign exchange gain/(loss)		3,430	(3,689)
<b>Operating profit/(loss)</b>	6	<b>3,339</b>	<b>(3,566)</b>
Income from shares in group undertakings		16	98
<b>Profit/(loss) before interest and taxation</b>		<b>3,355</b>	<b>(3,468)</b>
Finance income	7	491	494
Finance costs	7	(10,273)	(9,860)
Finance costs – net	7	(9,782)	(9,366)
<b>Loss before taxation</b>		<b>(6,427)</b>	<b>(12,834)</b>
Tax on loss	8	-	-
<b>Loss for the financial year</b>		<b>(6,427)</b>	<b>(12,834)</b>
<b>Total comprehensive loss for the year</b>		<b>(6,427)</b>	<b>(12,834)</b>

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 other 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 2018

		2018	2017
	Note	£'000	£'000
<b>Non-current assets</b>			
Investments	9	61,289	69,070
Trade and other receivables	10	13,775	15,072
		<b>75,064</b>	<b>84,142</b>
<b>Current assets</b>			
Trade and other receivables	11	411	10,941
<b>Creditors: amounts falling due within one year</b>	12	<b>(10,003)</b>	<b>(10,613)</b>
<b>Net current (liabilities)/assets</b>		<b>(9,592)</b>	<b>328</b>
<b>Total assets less current liabilities</b>		<b>65,472</b>	<b>84,470</b>
Creditors: amounts falling due after more than one year	13	(319,348)	(334,224)
<b>Net liabilities</b>		<b>(253,876)</b>	<b>(249,754)</b>
<b>Equity</b>			
Called up share capital	14	15,000	15,000
Capital contribution		62,367	60,062
Accumulated losses		(331,243)	(324,816)
<b>Total shareholders' deficit</b>		<b>(253,876)</b>	<b>(249,754)</b>

The financial statements on pages 10 to 22 were approved by the board of directors on 17 January 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 2018

	Called up share capital	Capital contribution	Accumulated losses	Total reserves	Total shareholders' deficit
	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2016</b>	<b>15,000</b>	<b>60,062</b>	<b>(311,982)</b>	<b>(251,920)</b>	<b>(236,920)</b>
Loss for the financial year	-	-	(12,834)	(12,834)	(12,834)
Total comprehensive loss for the year	-	-	(12,834)	(12,834)	(12,834)
<b>Balance at 31 March 2017</b>	<b>15,000</b>	<b>60,062</b>	<b>(324,816)</b>	<b>(264,754)</b>	<b>(249,754)</b>
Balance 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
<b>Balance at 31 March 2018</b>	<b>15,000</b>	<b>62,367</b>	<b>(331,243)</b>	<b>(268,876)</b>	<b>(253,876)</b>

The capital contribution account comprises the difference between the fair value of intercompany loans on inception and the proceeds received. During the financial year a loan was renewed resulting in an addition to the capital contribution.

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2018

### 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 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 net liability position 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, 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.

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;
  - 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

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2018

### 2 Summary of significant accounting policies (continued)

#### Basis of accounting (continued)

- | o 134-136   | (capital | management | disclosures) |
|---|----------|------------|--------------|
| <ul style="list-style-type: none"><li>• IAS 7, 'Statement of cash flows'</li><li>• 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)</li><li>• Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)</li><li>• The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.</li></ul> |          |            |              |

### 3 Principal accounting policies

#### Changes in accounting policy and disclosures

There were no new accounting standards, amendments or interpretations effective from 1 April 2017 that impacted 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 present information as an individual company and not about the group.

Disclosure regarding subsidiaries is made in note 9.

#### Investments

Investments in group undertakings are shown at cost less provision for impairment. Impairment reviews are carried out on an annual basis using the present value of future incomes calculation with translation to GBP at the rate of exchange ruling at the balance sheet date. 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 9), has been funded through a USD-denominated loan (note 13). 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 the income statement.

#### 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.



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

## **Notes to the financial statements for the year ended 31 March 2018 (continued)**

### **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. They are subsequently recorded at amortised cost with the unwinding 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.

##### **(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.

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### 3 Principal accounting policies (continued)

#### Current and deferred income tax (continued)

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 nor 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.

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 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. The key source of estimation uncertainty that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relates to the recoverability of the company's investment in subsidiaries. Impairment reviews of this balance are carried out on an annual basis using the present value of future incomes method using a discount rate of 6.2% (2017: 6.2%).

### 5 Segmental information

The principal activity of the Company is 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 with the resulting impairment and the movement on the exchange rate in relation to USD investment and loan.

Analysis of loss for the financial year by origin

	2018 £'000	2017 £'000
United Kingdom	9,666	(1,170)
Rest of the world	(3,239)	14,004
	6,427	12,834

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### 5 Segmental information (continued)

Analysis of net liabilities by origin

	2018 £'000	2017 £'000
United Kingdom	(73,547)	(82,591)
Rest of the world	327,423	332,345
	<b>253,876</b>	<b>249,754</b>

### 6 Operating profit/(loss)

	2018 £'000	2017 £'000
<b>Operating profit/( loss) is stated after charging</b>		
Foreign exchange (gain)/loss	(3,430)	3,689
Services provided by the Company's auditors		
Fees payable for the audit	12	24

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. Remuneration received by four of the Company's directors (2017: three) in respect of their services to other group companies comprised:

	2018 £'000	2017 £'000
Aggregate emoluments (including benefits in kind)	<b>2,833</b>	<b>1,711</b>

Other group company contributions to pension schemes on behalf of four (2017: three) directors were £18k (2017: £32k). 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:

	2018 £'000	2017 £'000
Aggregate emoluments	<b>1,458</b>	<b>797</b>

### 7 Finance costs and income

	2018 £'000	2017 £'000
Intercompany interest income - loan	426	421
Intercompany interest income - other	65	73
<b>Total finance income</b>	<b>491</b>	<b>494</b>

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### 7 Finance costs and income (continued)

	2018 £'000	2017 £'000
Intercompany interest expense – loan	(10,273)	(9,860)
<b>Total finance costs</b>	<b>(10,273)</b>	<b>(9,860)</b>
<b>Net finance cost</b>	<b>(9,782)</b>	<b>(9,366)</b>

### 8 Tax on loss

The tax charged for the year is higher than the standard rate of corporation tax in the UK for the year ended 31 March 2018 of 19% (2017: 20%). The differences are explained below:

	2018 £'000	2017 £'000
Loss before taxation	(6,427)	(12,834)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(1,221)	(2,567)
Effects of:		
Expenses not deductible for tax purposes	889	3,210
Group income not taxable	(84)	(104)
Group relief to be claimed for nil consideration	-	(539)
Group relief to be surrendered for nil consideration	413	-
Effects of deferred tax not recognised	3	-
<b>Total tax</b>	<b>-</b>	<b>-</b>

The Company has a deferred tax asset of approximately £50k (2017: £47k) 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 is made up as follows:

	2018 £'000	2017 £'000
Capital losses (no expiry date)	50	47
<b>Unrecognised deferred tax asset at 17%</b>	<b>50</b>	<b>47</b>

During the prior 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 2018 (continued)

### 9 Investments

	Shares in group undertakings £'000
<b>Cost</b>	
At 1 April 2017	134,862
Disposals	(133)
Exchange differences	(13,523)
<b>At 31 March 2018</b>	<b>121,206</b>
<b>Provisions for impairment</b>	
At 1 April 2017	65,792
Disposals	(133)
Exchange differences	(5,742)
<b>At 31 March 2018</b>	<b>59,917</b>
<b>Net book value</b>	
<b>At 31 March 2018</b>	<b>61,289</b>
Net book value	
At 31 March 2017	69,070

The current basis of valuation for the impairment is value-in-use based on the present value of forecast cash flows using a post-tax discount rate of 6.2% where applicable (2017: 6.2%). The directors consider the carrying value of the investments to be supported by the value in use of the investments.

The USD-denominated loan liability (note 13) 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 £7,781k of foreign exchange loss on the investment amount was recognised in profit at the same time that an equivalent foreign exchange gain was recognised on the loan liability.

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2018 (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	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%

### 10 Trade and other receivables

	2018 £'000	2017 £'000
<b>Amounts falling due after one year :</b>		
Amounts owed by subsidiary	13,775	15,072
	13,775	15,072

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 £426k 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 2018 (continued)

### 11 Trade and other receivables

	2018 £'000	2017 £'000
<b>Amounts falling due within one year :</b>		
Amount owed by group undertakings	411	10,941
	<b>411</b>	<b>10,941</b>

Amounts owed by group undertakings is a short term interest bearing rolling deposit at a rate of 0.438% (2017: 0.292%) and was repaid on 5 April 2018.

### 12 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed to group undertakings	1,518	1,486
Immediate and intermediate parent undertakings	8,325	8,933
Accruals	160	194
	<b>10,003</b>	<b>10,613</b>

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 was due for repayment 1 July 2018 and was renewed with a repayment date of 1 July 2028. 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 £242k was recognised in the statement of comprehensive income.

### 13 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
<b>Amounts owed to group undertakings:</b>		
Immediate and intermediate parent undertakings	319,348	334,224
	<b>319,348</b>	<b>334,224</b>

Loans owed to immediate and intermediate parent undertakings are denominated in GBP sterling – totalling £224,263k (2017: £221,079k) and US dollars – principal value of \$150,000k. All these loans are interest free with fixed term repayment dates.

The US dollars 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 of the loan as of each reporting date.

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 £10,273k was recognised in the statement of comprehensive income.

On 29 March 2018, the Company repaid in full three loans owed to the immediate parent totalling £10,518k.

# Kuwait Petroleum (U.K. Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2018 (continued)

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

Borrowings are repayable as follows:

	2018 £'000	2017 £'000
Between two and five years	166,898	268,793
After five years	152,450	65,431
	<b>319,348</b>	<b>334,224</b>

### 14 Called up share capital

	2018 £'000	2017 £'000
<b>Authorised</b>		
100,000,000 (2017: 100,000,000) ordinary shares of £1 each	100,000	100,000
<b>Allotted and fully paid</b>		
15,000,100 (2017: 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 KPC Holdings (Aruba) A.E.C., (the registered address is 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.