

Registered number: 02073564

# Q8 Oils

**Kuwait Petroleum International Lubricants (UK) Ltd**

Annual Report & Financial Statements

For the year ended 31 March 2008

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Kuwait Petroleum International Lubricants (UK) Limited

**DIRECTORS**

Mr M Dudley  
Mr S Dron – Resigned 31<sup>st</sup> March 2008  
Ms J Swales  
Mr G Franzl

**SECRETARY**

Miss J Swales

**AUDITORS**

Deloitte LLP  
London

**REGISTERED OFFICE**

Knowsthorpe Gate  
Cross Green Industrial Estate  
Leeds  
LS9 0NP

Tel : 0113 2350555  
Fax: 0113 2485026  
Web: [www.q8oils.co.uk](http://www.q8oils.co.uk)



## **Directors' report**

For the year ended 31 March 2008

The directors present their annual report on the affairs of the company together with the audited financial statements and auditors' report for the year ended 31 March 2008.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activities of the company during the trading period were the manufacture and sale of lubricating oils and greases for automotive and industrial purposes, in the UK and Ireland in addition to exporting to other countries. There have not been any significant changes in the company's principal activities in the year under review.

The audited financial statements for the year ended 31st March 2008 are set out on pages 9 to 25. The results show a profit of £562,000 (2007: a profit of £355,000).

Sales increased from £33.3 million in the prior year to £35.1 million, this was driven by an increase in UK sales volume as a result of the continuing strategic focus on finished lubricant sales. Gross margins have also improved as selling prices were maintained despite falling cost of product in the first nine months of the accounting period.

Other operating income has fallen from £36k to £18k as a result of both the freehold warehouse and the freehold land being void of tenants for the full financial period.

Distribution costs have risen from £1,842k to £1,979k in line with volume increases and administration expenses have increased from £6,006k to £6,456k following an increase in sales and marketing support costs.

The financial position of the company improved at the year-end with shareholders funds at £3,586k a significant improvement over the previous year position of £3,024k as sales and margins improved and the company declared a profit before tax of £562k. The continued focus on strategic market segments should result in additional volume growth in the future.

A dividend of nil was paid during the year (2007 : nil)

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Competitive pressure in the UK is a continuing risk for the company but is managed by providing value added services to its customers in terms of order fulfilment as a result of the highly flexible manufacturing process and tight management of deliveries.

The margin on contracted volume is subject to variation on base oil market rates and Sterling to US Dollar movements, which in times of rapid adverse changes can reduce achievable margins due to time lags.

Some sales and purchases are made in Euros and US Dollars however foreign exchange exposure is managed through the group treasury function by contract.

The company is financed by fixed and variable rate loans from its parent and group treasury services and has no third party debt.

## **Directors' report (continued)**

**For the year ended 31 March 2008**

### **DIRECTORS**

The directors who served during the year (except as noted), and following the year end, were as follows:

Mr M Dudley  
Mr S Dron – Resigned 31<sup>st</sup> March 2008.  
Miss J Swales  
Mr G Franzi

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year, the company made charitable donations amounting to nil (2007 - Nil). No political contributions were made (2007 – Nil).

### **EMPLOYMENT POLICIES**

Kuwait Petroleum International Lubricants will conduct its business so that the Health and Safety of its employees, contractors and the public are protected in line with the overall Kuwait Petroleum International Safety, Health and Environmental Policy.

The company is an equal opportunities employer, and provides facilities for the disabled where appropriate.

### **INFORMATION TO AUDITORS**

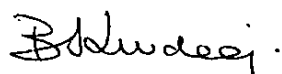
The directors in office at the time when the directors' report is approved confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act, 1985.

## **Directors' report (continued)**

**For the year ended 31 March 2008**

Knowsthorpe Gate  
Cross Green Industrial Estate  
Leeds  
LS9 0NP

By order of the Board



B J Swales  
Company Secretary

18<sup>th</sup> December 2008

## Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 proper accounting records to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Kuwait Petroleum International Lubricants (UK) Limited**

We have audited the financial statements of Kuwait Petroleum International Lubricants (UK) Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

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

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

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

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

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





## **Opinion**

In our opinion:

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

*Deloitte LLP*

**Deloitte LLP**

Chartered Accountants and Registered Auditors  
London

18<sup>th</sup> December 2008

**Profit and loss account**  
For the year ended 31 March 2008

	Notes	Year to 31 March 2008 £'000s	Year to 31 March 2007 £'000s
<b>Turnover</b>	2	35,106	33,347
Cost of sales		(25,939)	(25,042)
<b>Gross profit</b>		9,167	8,305
Other operating income	3	18	36
Distribution costs		(1,979)	(1,842)
Administrative expenses		(6,456)	(6,006)
<b>Operating profit</b>		750	493
Interest receivable and similar income	4 (a)	74	64
Interest payable and similar charges	4 (b)	(266)	(280)
Foreign exchange profit/(loss)		(6)	88
<b>Profit on ordinary activities before taxation</b>	5	552	365
Taxation on profit on ordinary activities	7	10	(10)
<b>Profit for the year</b>		562	355

There are no recognised gains or losses in either year, other than the profit for each year.  
Consequently no statement of total recognised gains and losses is presented.

All activities of the company were continuing throughout both years.

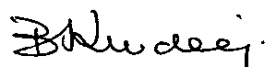
# Balance sheet

As at 31 March 2008

	Notes	2008 £'000s	2007 £'000s
<b>Fixed assets</b>			
Tangible assets	8	3,478	3,514
<b>Current assets</b>			
Stocks	9	2,682	2,204
Debtors	10	4,387	4,156
Cash at bank and in hand		958	2,469
		8,027	8,829
<b>Creditors: amounts falling due within one year</b>	11	(5,644)	(7,044)
<b>Net current assets</b>		2,383	1,785
<b>Total assets less current liabilities</b>		5,861	5,299
<b>Creditors: amounts falling due after more than one year</b>	12	(2,275)	(2,275)
<b>Net assets</b>		3,586	3,024
<b>Capital and reserves</b>			
Called up share capital	13	4,400	4,400
Profit and loss account	14	(814)	(1,376)
<b>Shareholders' funds</b>	15	3,586	3,024

The financial statements were approved by the Board of Directors on 18<sup>th</sup> December 2008.

These financial statements were approved and signed on behalf of the board of Directors by:



B J Swales

Director

## Notes to the financial statements

### 1. Accounting Policies

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

#### a) Basis of accounting

These accounts are prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

#### b) Turnover

Turnover, which is stated net of value added tax and excise duty, represents amounts invoiced to third parties.

#### c) Tangible fixed assets

Tangible fixed assets are stated at cost less provision for impairment and depreciation. Freehold land is not depreciated. Other tangible assets are depreciated on the straight-line method at rates designed to write off costs, less residual value, over the estimated useful lives, as follows:

Freehold buildings	- up to 40 years
Vehicles, plant and equipment	- 3 to 20 years

#### d) Stocks

Stocks are valued at the lower of cost and net realisable value.

#### e) Research and development

Research and development expenditure is written off as it is incurred.

#### f) Taxation

Corporation tax payable is provided for on taxable profits at the current rate.

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

## Notes to the financial statements (continued)

### 1. Accounting Policies

#### f) Taxation (continued)

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### g) Financial Instruments

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

#### h) Derivative Financial Instruments

The Company has prepared its accounts in accordance with FRS 26. The Company has elected to take the disclosure exemption available in paragraph 2D of FRS 29, as it is included in the publicly available consolidated financial statements of KPC Holdings (Aruba) AEC, which include disclosures that comply with IFRS 7 (an equivalent accounting standard to FRS 29 under International Accounting Standards). The Company does not enter into any derivative financial instruments.

#### i) Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. All exchange differences are charged to the profit and loss account.

#### j) Leasing and hire purchase contracts

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

#### k) Pensions

The company participates in both a group defined contribution scheme and a group defined benefit scheme. For the defined contribution scheme, the amount charged to the profit and loss account is the contribution payable in the year. It also accounts for its obligations in respect of the defined benefit scheme on a defined contribution basis, as the net assets of this scheme relating to individual companies cannot be separately identified. The latest actuarial valuation of the defined benefit scheme, prepared in accordance with FRS 17, shows a deficit position. Further details are provided in note 16.

## Notes to the financial statements (continued)

### 1. Accounting Policies (continued)

#### 1) Cash flow statement

Under the provision of Financial Reporting Standard No 1 (revised), the company has not prepared a cash flow statement because its ultimate parent company, The Kuwait Petroleum Corporation, which is incorporated in Kuwait, has prepared consolidated accounts, which include the results of the company and which are publicly available.

### 2. Segmental analysis

The turnover and profit is attributable to one activity, the marketing and distribution of lubricating oils and greases. In both periods the net assets relate to trade in the United Kingdom. An analysis of turnover by geographical market is given below.

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
United Kingdom	30,245	28,329
Rest of the world	4,863	5,018
	<u>35,108</u>	<u>33,347</u>

### 3. Other operating income

Other operating income principally consists of third party rental income.

#### 4a. Interest receivable and similar income

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Interest receivable from group undertakings	-	7
Interest receivable from banks	74	57
	<u>74</u>	<u>64</u>

## Notes to the financial statements (continued)

### 4b. Interest payable and similar charges

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Interest payable to immediate parent company (see note 12)	150	126
Interest payable to other group companies	116	154
	<u>266</u>	<u>280</u>

### 5. Profit on ordinary activities before taxation

This is stated after charging:

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Auditors' remuneration: -for the audit of company's annual accounts	24	36
Depreciation of tangible fixed assets	217	242
Operating lease costs:		
- Land and Buildings	244	246
- Plant and machinery	139	127
Research and development	<u>360</u>	<u>366</u>



## Notes to the financial statements (continued)

### 6. Staff costs

Staff costs, including directors' emoluments, during the period amounted to:

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Wages and salaries	2,394	2,086
Social security costs	218	181
Pension costs (see note 16)	462	540
	<u>3,074</u>	<u>2,807</u>

The average monthly number of employees including directors was:

	Year to 31 March 2008 No	Year to 31 March 2007 No
Staff	22	21
Administration	59	59
	<u>81</u>	<u>80</u>

#### Directors' remuneration

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Emoluments (excluding pension contributions)	<u>203</u>	<u>176</u>

The emoluments attributable to the highest paid director were as follows:

	125	106
Emoluments (excluding pension contributions)	<u>125</u>	<u>106</u>

Pension details are shown in note 16.

## Notes to the financial statements (continued)

### 7. Taxation

#### (a) Current tax

A £10000 tax credit was recognised for the year ended 31<sup>st</sup> March 2008 (2007 £10000 charge), due to group relief available in relation to a prior year tax expense. The differences between the current tax charge and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax is as follows:

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
<b>Profit on ordinary activities before taxation</b>	<b>552</b>	<b>365</b>
Corporation tax at 30% (2007: 30%)	166	110
Effects of:		
Capital allowances less than ( in excess of) depreciation	65	(101)
Expense not deductible for tax purposes	38	30
Utilisation of Group Relief	(15)	–
Utilisation of Trading losses	(264)	(29)
<b>Current tax (credit) / charge for period</b>	<b>(10)</b>	<b>10</b>

#### (b) Deferred tax

There is no charge for deferred tax for the year ended 31 March 2008 (2007: £nil). A deferred tax asset of £1,779,000 (2007: £2,017,000) has not been recognised on the grounds that there is insufficient evidence of future taxable profits to enable the asset to be recovered.

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

## Notes to the financial statements (continued)

### 8. Tangible fixed assets

	Freehold land & buildings £'000s	Vehicles, plant & equipment £'000s	Total £'000s
<b>Cost</b>			
At 1 April 2007	2,978	1,256	4,234
Additions	-	183	183
Disposals	-	(2)	(2)
At 31 March 2008	2,978	1,437	4,415
<b>Depreciation</b>			
At 1 April 2007	(399)	(321)	(720)
Charge for the year	(67)	(151)	(218)
At 31 March 2008	(466)	(471)	(938)
<b>Net book value</b>			
At 31 March 2007	2,579	935	3,514
At 31 March 2008	2,511	966	3,477

Included in the net book value above is £375,000 (2007 – £375,000) of freehold land that is not being depreciated.

## Notes to the financial statements (continued)

### 9. Stocks

	2008 £'000	2007 £'000
Stocks consist of:		
Raw Materials and consumables	1,056	907
Finished Goods	1,626	1,297
	<u>2,682</u>	<u>2,204</u>

There is no material difference between the book value of stocks and their replacement cost.

### 10. Debtors:

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	4,293	4,024
Prepayments	86	97
Other debtors	8	35
	<u>4,387</u>	<u>4,156</u>

## Notes to the financial statements (continued)

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

	2008 £'000	2007 £'000
Trade creditors	1,171	1,561
Amounts owing to group undertakings	2,678	3,815
VAT	603	760
Other creditors	303	245
Accruals and deferred income	889	663
	<u>5,644</u>	<u>7,044</u>

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

	2008 £'000	2007 £'000
Loans from immediate parent company	<u>2,275</u>	<u>2,275</u>

The loans from the immediate parent company at 31 March 2008 are made up as follows:

Amount of Loan	Repayment Due Date	Interest Rate
£2,275,000	31 March 2014	12 month LIBOR plus 0.75 per centum

All loans may be repaid earlier at the borrower's option and are unsecured.

The interest payment payable for the year was £150,000 (2007 - £126,000).

## Notes to the financial statements (continued)

### 13. Called up Share capital

	2008 £'000s	2007 £'000s
<b>Authorised</b>		
4,500,000 (2006: 4,500,000) ordinary shares of £1 each	<u>4,500</u>	<u>4,500</u>
<b>Allotted, called up and fully paid</b>		
4,400,000 (2006: 4,400,000) ordinary shares of £1 each	<u>4,400</u>	<u>4,400</u>

### 14. Reserves

	Profit and loss account £'000s
At 1 April 2007	(1,376)
Profit for the year	<u>562</u>
At 31 March 2008	<u>(814)</u>

### 15. Reconciliation of movements in shareholders' funds

	2008 £'000s	2007 £'000s
Profit for the financial year	562	355
Opening shareholders' funds	<u>3,024</u>	<u>2,669</u>
Closing shareholders' funds	<u>3,586</u>	<u>3,024</u>



## Notes to the financial statements (continued)

### 16. Pension commitments

The group headed by Kuwait Petroleum (UK Holdings) Ltd operates both a funded defined benefit pension scheme (the "scheme") and a defined contribution pension scheme in the UK, the assets of which are held in separate trustee-administered funds.

Directors and employees seconded to the company from other group companies are not included in the above schemes.

The total pension cost for the company for the year was £461,627 (2007: £540,000). Of this £454,616 (2007: £537,765) relates to the UK defined benefit scheme and £7,011 (2007: £2,235) relates to the UK defined contribution scheme.

Although the Executive and Overseas pension scheme is a defined benefit scheme the ultimate responsibility for funding this scheme resides with a company exterior to the group headed by Kuwait Petroleum (U.K.) Holdings Limited. The staff to which payments to this pension scheme relate are on secondment to the group, and once this secondment ends the group has no contractual responsibility to fund any future deficit in this scheme. The pension costs payable are therefore treated as if the scheme were a defined contribution scheme.

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

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

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

The major assumptions used for the actuarial valuation were:

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



## 16. Pensions (continued)

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

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

(† Prior to 2007 the "fair" value of assets was used rather than the "bid" value. This change reflects recent amendments to FRS17 disclosures made by the Accounting Standards Board (ASB). The group contributions during the accounting period to 31 March 2008 amounted to £1,953,000. The total contribution amount includes contributions at the rate of 11.9% of

Pensionable Salary from 1 April 2007 to 30 June 2007, then 20.3% from 1 July 2007 to 31 March 2008, plus one lump sum contributions of £1.08 million paid into the Scheme in March 2008. The members contributed to the Scheme at the rate of 6% of Pensionable Salary until 30 June 2007 and a rate of 7.0% thereafter. The group contribution rate for the coming year is 20.3%, whilst the members' contribution increases to 8.0% with effect from 1 July 2008.

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

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

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



**16. Pensions (continued)**

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

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

**Analysis of the amount that has been recognised in the statement of total recognised gains and losses under FRS 17**

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

**Movement in scheme deficit during the year**

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

# 16. Pensions (continued)

## History of experience gains and losses

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

# 17. Other financial commitments

The company has annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings	Other Operating Leases	Land and Buildings	Other Operating Leases
	2008 £'000	2008 £'000	2006 £'000	2006 £'000
Expiry date:				
- Within one year	-	55	-	15
- Between two to five years	-	84	-	100
-After 5 years	244	-	244	11
	<u>244</u>	<u>139</u>	<u>244</u>	<u>126</u>

# 18. Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 and has not disclosed details of transactions with other group undertakings as it is a wholly owned subsidiary of The Kuwait Petroleum Corporation, which prepares consolidated accounts which are publicly available.

**19. Ultimate parent company**

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. The immediate parent company of the smallest such group is KPC Holdings (Aruba) A.E.C. Copies of the consolidated accounts of KPC Holdings (Aruba) A.E.C. can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ..

**20. Subsequent Event**

On 18<sup>th</sup> November 2008 the company completed the sale of land at Cross Green Way for £3,500,000, resulting in a gain of £1,062,760.