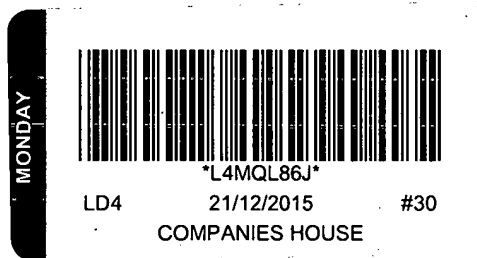


**Registered number: 02073564**

**Kuwait Petroleum International Lubricants (UK) Limited**  
**Annual report and financial statements**  
**for the year ended 31 March 2015**



# **Kuwait Petroleum International Lubricants (UK) Limited**

## **Annual report and financial statements**

### **for year ended 31 March 2015**

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# **Kuwait Petroleum International Lubricants (UK) Limited**

## **Directors and advisers**

### **DIRECTORS**

Fadel Al Faraj  
A Dixon  
D Wright

### **REGISTERED OFFICE**

Marian House  
Colton Mill  
Bullerthorpe Lane  
Leeds  
LS15 9JN  
Tel : 0113 2350555  
Fax: 0113 2485026  
Web: [www.q8oils.co.uk](http://www.q8oils.co.uk)

### **INDEPENDENT AUDITORS**

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

# Kuwait Petroleum International Lubricants (UK) Limited

## Strategic report for the year ended 31 March 2015

The directors present their strategic report on the company for the year ended 31 March 2015.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company during the year were the filling and distribution of lubricating oils and greases for automotive and industrial purposes in the UK and Ireland, in addition to exporting to other countries.

The audited financial statements for the year ended 31 March 2015 are set out on pages 8 to 19. The results show a loss for the financial year of £1,033,000 (2014: loss of £778,000).

No dividend was paid during the financial year (2014: £nil).

### KEY PERFORMANCE INDICATORS

	2015	2014
Growth in turnover (%)	(11%)	(12%)
Operating loss (%)	(3%)	(2%)
Debtor days	54	37

Sales decreased from £41.9 million in the prior financial year to £37.3 million. The reduction in turnover was driven by a decrease in cost of product, reducing turnover on cost plus contracts.

Unit distribution costs remain in line with previous year. Administration expenses include a provision of £1,704,000 for the planned restructure of supply and logistics operations in July 2015. Like for like administration expenses showed a 38% decrease due to cost saving efficiencies, leading to an operating profit, excluding the one off provision, of £748,000 (2014: operating loss of £714,000).

After interest charges, the financial position of the company showed shareholders' funds at £407,000, down from the previous year position of £1,440,000.

### 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 good customer relations and technical support.

The margin on contracted volume remains subject to variation in product costs. In times of rapid adverse change the achievable margin can be reduced due to time lags. This risk is managed by cost plus contract pricing with a regular review period to allow a more rapid reflection of the movement in the market prices.

Some sales and purchases are made in Euros and US Dollars, however foreign exchange exposure is managed by contract with another group company, Kuwait Petroleum International Treasury Services Limited, which performs the group treasury function.

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

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

A Dixon

Director

11 December 2015

# **Kuwait Petroleum International Lubricants (UK) Limited**

## **Directors' report**

### **for the year ended 31 March 2015**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2015.

#### **FINANCIAL RISK MANAGEMENT**

The company's operations expose it to a variety of financial risks that includes the effect of changes in price risk, credit risk and interest rate risk. The directors do not consider the effects of liquidity risk and foreign exchange risk to be material to the company. The foreign exchange risk and funding is obtained through the group treasury function and there is no outside exposure.

##### Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the cost of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

##### Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the company.

##### Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and amounts owed by group undertakings. Interest bearing liabilities include amounts due to group undertakings. The company has a policy of maintaining debt at a variable rate. The directors will revisit this policy should the company's operations change in size or nature.

#### **DIRECTORS**

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

P Furno (Resigned 1<sup>st</sup> July 2015)  
A Dixon  
D Wright  
Fadel Al Faraj (Appointed 1<sup>st</sup> July 2015)  
P Declerck (Resigned 1<sup>st</sup> April 2014)

#### **EMPLOYMENT POLICIES**

Kuwait Petroleum International Lubricants (UK) Limited 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.

#### **DIRECTORS' INDEMNITY STATEMENT**

The company maintains third party indemnity insurance for its directors and officers which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

# **Kuwait Petroleum International Lubricants (UK) Limited**

## **Directors' report**

### **for the year ended 31 March 2015 (continued)**

#### **RESEARCH AND DEVELOPMENT**

The company receives an allocation of the Kuwait Petroleum International Lubricants Group Research and Development expenditure. Expenditure includes the development and maintenance of product formulations, product safety support and technical advice and support.

#### **FUTURE DEVELOPMENTS**

A further review of the supply and logistics operation has taken place and in July 2015 the company restructured, fully integrating the supply into the overall Kuwait Petroleum International Lubricants Group, focusing on warehousing and distribution in the UK. This has enabled cost savings in the UK, whilst at the same time improving group economics.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS**

Each of the directors at the date of the approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

A Dixon  
Director

11 December 2015



# **Kuwait Petroleum International Lubricants (UK) Limited**

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

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Kuwait Petroleum International Lubricants (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

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

- Balance sheet as at 31 March 2015;
- Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

In our opinion, 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.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

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

# **Kuwait Petroleum International Lubricants (UK) Limited**

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

### **(continued)**

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

##### **What an audit of financial statements involves**

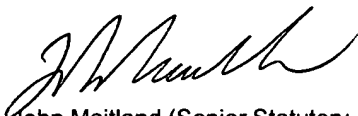
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



John Maitland (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
11 December 2015

**Kuwait Petroleum International Lubricants (UK) Limited**  
**Profit and loss account**  
**for the year ended 31 March 2015**

	Note	2015 £'000	2014 £'000
<b>Turnover</b>	2	<b>37,300</b>	41,882
Cost of sales		<b>(31,082)</b>	(34,524)
<b>Gross profit</b>		<b>6,218</b>	7,358
Distribution costs		<b>(1,261)</b>	(1,210)
Administrative expenses		<b>(5,932)</b>	(6,862)
Other operating income	3	<b>19</b>	-
<b>Operating loss</b>	4	<b>(956)</b>	(714)
Interest receivable and similar income	5	<b>7</b>	8
Interest payable and similar charges	5	<b>(84)</b>	(72)
<b>Loss on ordinary activities before taxation</b>		<b>(1,033)</b>	(778)
Taxation on loss on ordinary activities	7	-	-
<b>Loss for the financial year</b>	14	<b>(1,033)</b>	(778)

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

All results derive from continuing operations.

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

**Kuwait Petroleum International Lubricants (UK) Limited**  
**Balance sheet**  
**as at 31 March 2015**

	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Tangible assets	8	120	735
<b>Current assets</b>			
Stocks	9	3,589	3,685
Debtors	10	5,491	4,319
Cash at bank and in hand		4,336	3,735
		<b>13,416</b>	11,739
<b>Creditors: amounts falling due within one year</b>	11	<b>(10,854)</b>	(8,759)
<b>Net current assets</b>		<b>2,562</b>	2,980
<b>Total assets less current liabilities</b>		<b>2,682</b>	3,715
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(2,275)</b>	(2,275)
<b>Net assets / (liabilities)</b>		<b>(407)</b>	1,440
<b>Capital and reserves</b>			
Called up share capital	13	4,400	4,400
Profit and loss account	14	(3,993)	(2,960)
<b>Total shareholders' funds</b>	15	<b>407</b>	1,440

The financial statements on pages 8 to 19 were approved by the board of directors on 11 December 2015 and were signed on its behalf by:



A Dixon

**Director**

Registered number: 02073564

# **Kuwait Petroleum International Lubricants (UK) Limited**

## **Notes to the financial statements for the year ended 31 March 2015**

### **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.

#### **Basis of accounting**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the confirmation from the immediate parent undertaking, Kuwait Holdings Aruba AEC that it will continue to provide financial support to the Company to meet their liabilities and local regulatory requirements as and when they fall due for such periods and in any case for not less than 18 months from the date of signing the individual financial statements involved.

#### **Turnover**

Turnover, which is stated net of value added tax, discounts and rebates represents amounts invoiced to third parties. Turnover is recognised when goods are received by the customer, when all the risks and rewards of ownership have passed to the customer.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less provision for impairment and accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land is not depreciated. Other tangible fixed 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

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Where necessary, provision is made for obsolete, slow moving and defective stock.

#### **Research and development**

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

#### **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.

# **Kuwait Petroleum International Lubricants (UK) Limited**

## **Notes to the financial statements for the year ended 31 March 2015 (continued)**

### **1 Accounting policies (continued)**

#### **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.

#### **Foreign currencies**

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

#### **Leases**

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

#### **Pensions**

The company participates in a group defined benefit scheme. The assets and liabilities of the scheme are recognised in full in the financial statements of Kuwait Petroleum International Limited. The latest actuarial valuation of the defined benefit scheme, prepared in accordance with FRS 17, shows a deficit position.

The company also participates in a group defined contribution. The amount charged to the profit and loss account is the contribution payable in the financial year.

Further details are provided in note 16.

#### **Cash flow statement**

Under the provision of Financial Reporting Standard No 1 (revised 1996), the company has not prepared a cash flow statement because its intermediate parent company, KPC Holdings (Aruba) A.E.C., which is incorporated in Aruba, has prepared consolidated financial statements, which include the results of the company and which are publicly available.

# Kuwait Petroleum International Lubricants (UK) Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 2 Turnover

The turnover and profit/ (loss) are attributable to one activity, the manufacture and sale of lubricating oils. An analysis of turnover by geographical market is given below.

	2015 £'000	2014 £'000
United Kingdom	34,899	39,385
Rest of the world	2,401	2,497
	<b>37,300</b>	<b>41,882</b>

### 3 Other operating income

Other operating income in the year principally consists of proceeds from the sale of fixed assets.

### 4 Operating loss

Operating loss is stated after charging:

	2015 £'000	2014 £'000
Reorganisation expense	1,704	-
Services provided by the company's auditor		
- Fees payable for the audit	31	25
Depreciation of tangible fixed assets	159	169
Operating lease charges		
- Plant and Machinery	150	160
- Other	257	257
Research and development	428	875
Foreign exchange (gain)/ loss	(797)	23

**Kuwait Petroleum International Lubricants (UK) Limited**  
**Notes to the financial statements for the year ended 31**  
**March 2015 (continued)**

**5 Net interest payable**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest receivable and similar income</b>		
Interest receivable on cash balances	<b>7</b>	<b>8</b>
<b>Total interest receivable</b>	<b>7</b>	<b>8</b>
<b>Interest payable and similar charges</b>		
Interest payable to immediate parent company (see note 12)	<b>(38)</b>	<b>(72)</b>
Interest payable to other group companies	<b>(46)</b>	<b>-</b>
<b>Total interest payable</b>	<b>(84)</b>	<b>(72)</b>
<b>Net interest payable</b>	<b>(77)</b>	<b>(64)</b>

**Kuwait Petroleum International Lubricants (UK) Limited**  
**Notes to the financial statements for the year ended 31**  
**March 2015 (continued)**

**6 Employee information**

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

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Wages and salaries	<b>1,836</b>	2,140
Social security costs	<b>153</b>	177
Other pension costs (note 16)	<b>172</b>	449
	<b>2,161</b>	2,766

The average monthly number of employees including directors was:

<b>By activity</b>	<b>2015</b> <b>Number</b>	<b>2014</b> <b>Number</b>
Production	<b>14</b>	21
Administration and sales	<b>37</b>	41
	<b>51</b>	62

**Directors' remuneration:**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Aggregate emoluments (excluding pension contributions)	<b>120</b>	143

The above details of directors' emoluments do not include the emoluments of P Furno and D Wright, which are paid by a fellow subsidiary (Kuwait Petroleum (Belgium) N.V.) and recharged to the company as part of a management charge. This management charge, which in 2015 amounted to £611,000 (2014: £705,000), also includes a recharge of administration costs borne by the fellow subsidiary on behalf of the company.

Company contributions to pension schemes on behalf of 1 (2014: 1) director were £42,420 (2014: £41,062).

Pension details are shown in note 16.

**Kuwait Petroleum International Lubricants (UK) Limited**  
**Notes to the financial statements for the year ended 31**  
**March 2015 (continued)**

**7 Tax on profit/ (loss) on ordinary activities**

	2015 £'000	2014 £'000
UK Corporation Tax	-	-
UK Deferred Tax	-	-
<b>Taxation charge for the year</b>	<b>-</b>	<b>-</b>

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK (21%). The differences are explained below:

	2015 £'000	2014 £'000
<b>Loss on ordinary activities before taxation</b>	<b>(1,033)</b>	<b>(778)</b>
UK corporation tax rate of 21% (2014: 23%)	<b>(217)</b>	<b>(179)</b>
Effects of:		
Expenses not deductible for tax purposes	<b>97</b>	<b>1</b>
Capital allowances in excess of depreciation	<b>(13)</b>	<b>(20)</b>
Timing Differences	<b>(1)</b>	<b>-</b>
Losses carried forward	<b>134</b>	<b>-</b>
Surrendered for group relief	<b>-</b>	<b>198</b>
<b>Current tax charge for year</b>	<b>-</b>	<b>-</b>

The company has trading losses estimated at £5,246,242 (2014: £4,614,000) available to carry forward for offset against future trading profits.

**Deferred tax**

A deferred tax asset has not been recognised on the grounds that there is insufficient evidence of future taxable profits to enable the asset to be recovered.

The unrecognized deferred tax asset (2014: asset) is made up as follows:

	2015 £'000	2014 £'000
Tax losses	<b>1,049</b>	<b>923</b>
Accelerated capital allowances	<b>184</b>	<b>108</b>
Other timing differences	<b>26</b>	<b>-</b>
	<b>1,259</b>	<b>1,031</b>

A reduction in the main rate of corporation tax to 23% was enacted in July 2012 and was effective from 1 April 2013. A further reduction to 21% was enacted as part of the Finance Bill 2013 on 2 July 2013.

In addition to the changes in the rates of Corporation tax disclosed above a further change to the UK Corporation tax rate was subsequently enacted as part of the Finance Bill 2013 on 2 July 2013 which reduced the main rate of corporation tax to 20%. Accordingly this rate has been applied in the measurement of the company's deferred tax assets and liabilities as at 31 March 2015.

**Kuwait Petroleum International Lubricants (UK) Limited**  
**Notes to the financial statements for the year ended 31**  
**March 2015 (continued)**

**8 Tangible assets**

	Freehold land and buildings £'000	Vehicles, plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2014	100	1,947	2,047
Additions	-	15	15
Disposals	-	(39)	(39)
<b>At 31 March 2015</b>	<b>100</b>	<b>1,923</b>	<b>2,023</b>
<b>Accumulated depreciation</b>			
At 1 April 2014	(68)	(1,244)	(1,312)
Provision for impairment losses	-	(463)	(463)
Charge for the financial year	(6)	(153)	(159)
Depreciation on disposal	-	31	31
<b>At 31 March 2015</b>	<b>(74)</b>	<b>(1,829)</b>	<b>(1,903)</b>
<b>Net book amount</b>			
<b>At 31 March 2015</b>	<b>26</b>	<b>94</b>	<b>120</b>
At 31 March 2014	32	703	735

**9 Stocks**

	2015 £'000	2014 £'000
Raw materials and consumables	1,985	2,542
Finished goods	1,604	1,143
	<b>3,589</b>	<b>3,685</b>

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

**10 Debtors**

	2015 £'000	2014 £'000
Trade debtors	4,864	4,049
Other debtors	512	120
Prepayments and accrued income	115	150
	<b>5,491</b>	<b>4,319</b>

**Kuwait Petroleum International Lubricants (UK) Limited**  
**Notes to the financial statements for the year ended 31**  
**March 2015 (continued)**

**11 Creditors: amounts falling due within one year**

	2015 £'000	2014 £'000
Trade creditors	819	831
Amounts owed to group undertakings	7,146	6,491
Taxation and social security	887	845
Accruals and deferred income	2,002	592
	<b>10,854</b>	<b>8,759</b>

Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at floating rates linked to LIBOR.

**12 Creditors: amounts falling due after more than one year**

	2015 £'000	2014 £'000
Amounts owed to group undertakings	2,275	2,275

The loans from the immediate parent company at 31 March 2015 are made up as follows:

Amount of Loan	Repayment Due Date	Interest Rate
£2,275,000	31 March 2024	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 financial year was £38,000 (2014: £72,000).

**13 Called up share capital**

	2015 £'000	2014 £'000
<b>Authorised</b>		
4,500,000 (2014: 4,500,000) ordinary shares of £1 each	4,500	4,500
<b>Allotted and fully paid</b>		
4,400,000 (2014: 4,400,000) ordinary shares of £1 each	4,400	4,400

# Kuwait Petroleum International Lubricants (UK) Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 14 Profit and loss account

	£'000
At 1 April 2014	(2,960)
Loss for the financial year	(1,033)
<b>At 31 March 2015</b>	<b>(3,993)</b>

### 15 Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
Loss for the financial year	(1,033)	(778)
Opening shareholders' funds	1,440	2,218
<b>Closing shareholders' funds</b>	<b>407</b>	<b>1,440</b>

### 16 Pension commitments

Kuwait Petroleum International Lubricants (UK) Limited participates in a funded, defined benefit pension plan called the KPC UK Group Retirement Plan.

The FRS17 disclosure requirements refer to the situation where either there is only one employer participating in a defined benefit scheme, or there is more than one employer and each employer's share of the underlying assets and liabilities can be identified. In Kuwait Petroleum International's funded defined benefit scheme the assets attributable to each individual company are now identifiable under the guidelines and the multi employer exemption is no longer applied. The KPC UK Group retirement plan is recognised in full in the financial statements of Kuwait Petroleum International Limited, which are publicly available from Companies House. The group also operates a defined contribution pension scheme in the UK, the assets of which are held in separate trustee administered funds.

The total pension cost for the company for the year was £172,000 (2014: £449,000). Of this £141,000 (2014: £213,000) relates to the UK defined benefit scheme and £31,000 (2014: £18,000) relates to the UK defined contribution scheme (£4,000 remained outstanding at the balance sheet date). The remainder of £nil (2014: £218,000) is a recharge from a related group undertaking, representing contributions made to the Executive and Overseas Pension Scheme.

The UK group has agreed a recovery plan for the pension scheme deficit with the Scheme Trustees - £3,850,000 per annum payable over a period of 10 years which commenced on June 2010, and subsequent payments made by 31 March thereafter. The total agreed additional contributions for the UK group for year ended 31 March 2015 are £3,850,000. Kuwait Petroleum International Lubricants (UK) Limited will incur approximately 4.4% of the total additional contributions as a participating employer.

# Kuwait Petroleum International Lubricants (UK) Limited

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 17 Financial commitments

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

	2015		2014	
	Land and Buildings £'000	Others £'000	Land and Buildings £'000	Others £'000
Leases expiring				
- within one year	193	-	9	2
- between two and five years	-	3	244	5
	193	3	253	7

### 18 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No.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 financial statements which are publicly available.

The company trades with OK Q8, an associated undertaking which is 50% owned by Kuwait Petroleum International. Sales during the year were around £34,000 (2014: £55,000), with a credit balance of £nil (2014: £8,000) at the balance sheet date. Purchases during the year were around £115,000 (2014: £56,000) of which £5,000 (2014: £6,000) remained outstanding at the balance sheet date.

### 19 Ultimate parent undertaking and controlling party

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 financial statements of KPC Holdings (Aruba) A.E.C. can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.