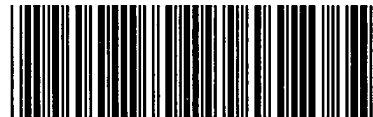


**Company Number: 00886981**

**Kuwait Petroleum International Treasury  
Services Limited**

**Directors' report and financial statements  
for the year ended 31 March 2015**

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## **Kuwait Petroleum International Treasury Services Limited**

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# **Kuwait Petroleum International Treasury Services Limited**

## **Directors and advisers**

### **Directors**

B. Al-Rashidi  
K. Al-Mushilch  
S. Hakim  
A. Saunders

### **Company secretary**

P Coules

### **Registered office**

Duke's Court  
Duke Street  
Woking  
Surrey  
GU21 5BH

### **Bankers**

The Royal Bank of Scotland plc  
250 Bishopsgate  
London  
EC2M 4AA

### **Independent auditors**

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

# Kuwait Petroleum International Treasury Services Limited

## Directors' report for the year ended 31 March 2015

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

### Principal activities and future developments

The principal activity of the company was to act as a treasury company providing treasury services to its ultimate parent company KPC Holdings (Aruba) AEC and its subsidiaries. As such, the majority of its income and expense relate to interest and similar financial income / expense; therefore, the profit and loss account on page 5 is presented on the basis of the provisions of Statutory Instrument 2008 No.410 relating to banking companies, as although the company is not a banking company; the directors believe this provides a clearer presentation of the results.

In order to improve the service provided it was agreed to relocate closer to the European businesses. The principal activity of Kuwait Petroleum International Treasury Services Ltd (KPITS Ltd) was curtailed during the year. There will be no new business in KPITS Ltd and the company will apply for non-trading status in the year ending 31 March 2016. Management currently have no intentions to liquidate the Company.

### Enhanced business review (EBR)

The company has taken advantage of the exemption applying to small companies from preparing an enhanced business review in accordance with the provisions of Part 15 of the Companies Act 2006.

### Financial risk management

The main finance risks faced by the company through its normal business activities are foreign exchange risk, interest rate risk, counterparty risk and commodity risk. These risks and the company's approach to dealing with them are described in note 9 to the financial statements.

### Results and dividends

During the financial year the company made a profit for the financial year of US\$2,430,308 (2014: US\$3,920,554). The directors recommended an interim dividend of US\$1.42 (2014: US\$0.60) per ordinary share, amounting to US\$7,100,142 (2014: US\$3,000,060). The directors do not recommend the payment of a final dividend (2014: nil).

### Directors

The directors who served during the financial year and to the date of signing this report were as follows:

B. Al-Rashidi  
K. Al-Mushiteh  
S. Hakim  
A. Saunders

### Directors' indemnity statement

At the time the report is approved and at any time during the financial year there were no qualifying third party indemnity provisions and/or qualifying pensions scheme indemnity provisions (whether made by the company or otherwise) in place for the benefit of one or more of the directors or one or more directors of an associated company.

### Statement of directors' responsibilities

The directors are responsible for preparing the 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.

## **Kuwait Petroleum International Treasury Services Limited**

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

#### **Statement of directors' responsibilities (continued)**

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 on disclosure of information to auditors**

In accordance with section 418, of the Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, 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.

#### **Independent auditors**

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment was proposed and accepted at the annual general meeting.

#### **Small companies' exemptions**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 and section 415A of the Companies Act 2006.

#### **Strategic report**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 and section 414B of the Companies Act 2006 and a strategic report is not included.

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



S Hakim  
Director

17 December 2015

## **Kuwait Petroleum International Treasury Services Limited**

### **Independent auditors' report to the members of Kuwait Petroleum International Treasury Services Limited**

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

##### **Our opinion**

In our opinion, Kuwait Petroleum International Treasury Services 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 profit 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 Directors' report and financial statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2015;
- the 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 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.

###### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

## **Kuwait Petroleum International Treasury Services Limited**

### **Independent auditors' report to the members of Kuwait Petroleum International Treasury Services 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, 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 parent 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**

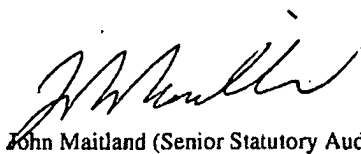
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

18 December 2015

## Kuwait Petroleum International Treasury Services Limited

### Profit and loss account for the year ended 31 March 2015

	Note	2015 US\$	2014 US\$
Administrative expenses		(1,120,364)	(1,827,255)
Interest receivable and similar income	3	96,890,336	31,083,550
Interest payable and similar charges	3	(93,339,664)	(25,335,741)
<b>Operating profit and profit on ordinary activities before taxation</b>	2	<b>2,430,308</b>	<b>3,920,554</b>
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>	11	<b>2,430,308</b>	<b>3,920,554</b>

There were no recognised gains or losses in either year other than the profit for those years. Consequently no statement of total recognised gains and losses has been presented.

The principal activity of the company was curtailed during the year. (See directors report)

In accordance with FRS3 the differences between the profit on ordinary activities before taxation and the profit for the year stated on an unmodified historical cost basis arising from the effects of fair value accounting under FRS26, are not required to be disclosed. There are no other material differences between the profit on ordinary activities before taxation and the profit for the years stated above and their historical cost equivalents.

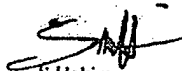


## Kuwait Petroleum International Treasury Services Limited

### Balance sheet as at 31 March 2015

	Note	2015 US\$	2014 US\$
<b>Current assets</b>			
Derivative financial instruments	9	-	3,193,368
Debtors	7	5,255,302	1,433,738.753
Cash at bank and in hand		27,208	82,404
		<u>5,282,510</u>	<u>1,437,014,525</u>
<b>Creditors: amounts falling due within one year</b>	8	-	(1,427,062.181)
<b>Net current assets</b>		<u>5,282,510</u>	<u>9,952,344</u>
<b>Capital and reserves</b>			
Called up share capital	10	5,000,150	5,000,150
Profit and loss account	11	69,399	4,739,233
Capital redemption reserve	11	212,961	212,961
<b>Total shareholders' funds</b>	12	<u>5,282,510</u>	<u>9,952,344</u>

The financial statements on pages 6 to 16 were approved by the Board of directors on 17 December 2015 and were signed on its behalf by:



S Hakim  
Director

Company number: 00886981

## Kuwait Petroleum International Treasury Services Limited

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

#### 1. Accounting policies

##### **Basis of preparation**

The financial statements are prepared on a going concern basis and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. As stated in the directors' report, the profit and loss account is presented on the basis of the provisions of Statutory Instrument 2008 No.410 relating to banking companies, as this is considered to better reflect the nature of the company's activities.

The consistently applied accounting policies which have been adopted are described below.

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention, except for the revaluation of certain open forward foreign exchange contracts, currency swaps and commodity derivatives, and in accordance with applicable United Kingdom law and accounting standards.

##### **Financial instruments**

The company enters into various types of transactions that involve derivative financial instruments. Derivative financial instruments include forwards, futures, swaps and options.

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

The company takes out external forward exchange contracts, with high credit rating institutions, on behalf of group companies on which the exposure is passed onto the individual business via intercompany forward exchange contracts.

Short term money market deposits and borrowings are measured at fair value at initial recognition and at amortised cost subsequently.

The Company has prepared its financial statements in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. The company has elected to take the disclosure exemption available in paragraph 2D of FRS 29 'Financial Instruments: Disclosures', on the grounds that it is a wholly owned subsidiary of KPC Holdings (Aruba) AEC which includes disclosures in its publicly available consolidated financial statements, including disclosures that comply with IFRS 7 (an equivalent accounting standard to FRS 29, under International Accounting Standards).

Derivative financial instruments are recorded at trade date at fair value. The fair value of a derivative is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Derivatives with positive market values (unrealised gains) are included in current assets and derivatives with negative market values (unrealised losses) are included in current creditors in the balance sheet. The resultant gains and losses from derivatives are included within interest receivable and similar income/interest payable and similar charges.

Further details of the company's financial instruments and risk management approach are provided in note 9.

## Kuwait Petroleum International Treasury Services Limited

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

#### 1. Accounting policies (continued)

##### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 and losses in tax assessments in a period different from those in which they are recognised in the financial statements.

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 the underlying timing difference 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.

##### Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of Financial Reporting Standard (FRS) 1 "Cash flow statements" (revised 1996) a cash flow statement for the company has not been provided, on the grounds that it is a wholly owned subsidiary company of a group headed KPC Holdings (Aruba) AEC and is included in the consolidated financial statements of that company, which are publicly available.

##### Foreign currencies

The financial statements are presented in US dollars which is the functional currency of the company.

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the year end foreign exchange rates. All forward foreign exchange contracts which are open at the year end are revalued at rates of exchange derived from observable market information applicable to those contracts.

Profits and losses arising on the translation or revaluation of foreign currency assets, liabilities and forward foreign exchange contracts are recognised immediately in the profit and loss account. Gains and losses arising from the use of hedging instruments are recorded in the profit and loss account concurrently with losses and gains arising from the underlying hedged investments.

The net gains and losses on foreign currency trading activities accounted for on a mark-to-market basis, and the foreign exchange gains and losses on foreign currency trading activities in relation to money market borrowing and deposits are recognised within interest receivable and similar income/interest payable and similar charges.

The exchange rate for Pounds Sterling/US\$ at 31 March 2015 was 1.4793 (2014: 1.6648). The exchange rate for Euro/US\$ at 31 March 2015 was 1.0759 (2014: 1.3788).

## Kuwait Petroleum International Treasury Services Limited

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

#### 1. Accounting policies (continued)

##### 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 company accounts for its obligations in respect of the defined benefit scheme on a defined contribution basis. The latest actuarial valuation of the defined benefit scheme, prepared in accordance with FRS 17, shows a deficit position.

Contributions are also made to the personal plans of certain employees. For these defined contribution schemes the expenditure is charged to the profit and loss account in the period to which it relates.

Further information on pension costs is provided in note 14.

#### 2. Operating profit and profit on ordinary activities before taxation

The audit fee in respect of the company's financial statements is \$47,000 (2014: \$44,021); \$30,000 (2014: \$28,000) of which was by another group undertaking.

#### 3. Net interest receivable and similar income

	2015 US\$	2014 US\$
Interest receivable on money market deposits	719,458	850,386
Interest receivable on loans to group undertakings	5,371,325	5,694,595
Net foreign currency gains on foreign currency trading activities with external parties	90,799,553	24,538,569
<b>Total interest receivable and similar income</b>	<b>96,890,336</b>	<b>31,083,550</b>
Interest payable on overdrafts	(18,458)	(4,136)
Interest payable on money market borrowings	(916,949)	(667,642)
Interest payable on loans from group undertakings	(1,114,743)	(1,656,599)
Net foreign currency losses on foreign currency trading activities with group undertakings	(91,289,514)	(23,007,364)
<b>Total interest payable and similar charges</b>	<b>(93,339,664)</b>	<b>(25,335,741)</b>
<b>Net interest receivable</b>	<b>3,550,672</b>	<b>5,747,809</b>

Interest is payable on one day overdrafts occurring occasionally during the course of normal business operations.

## Kuwait Petroleum International Treasury Services Limited

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

#### 4. Staff costs and directors' emoluments

Particulars of employees (including executive directors) are as shown below.

Employee costs during the financial year amounted to:

	2015 US\$	2014 US\$
Wages and salaries	542,814	802,554
Social security costs	3,713	25,832
Other pension costs (see note 14)	86,503	166,080
	<u>633,030</u>	<u>994,466</u>

The average monthly number of persons employed by the company during the financial year was three (2014: three) until October 2014 when they were transferred within the group. All three persons were employed in trading activities (2014: three)

#### Directors' remuneration:

One director (2014: one) was remunerated by the company. The remuneration of the director was as follows:

	2015 US\$	2014 US\$
Aggregate emoluments	88,972	301,387
Pension contributions to defined contribution schemes	22,350	114,788
	<u>111,322</u>	<u>416,175</u>

No other directors received or were due any remuneration relating to services provided to the company in either year. No directors held share options in the company during the current or prior years. One director (2014: one) was a member of a defined benefit pension scheme.

## Kuwait Petroleum International Treasury Services Limited

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

#### 5. Tax on profit on ordinary activities

	2015 US\$	2014 US\$
<b>Current tax</b>		
UK corporation tax on profits of the year	-	-
Adjustments in respect of prior years	-	-
<b>Tax on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the United Kingdom for the year ended 31 March 2015 of 21% (2014: 23%). The differences are explained below:

	2015 US\$	2014 US\$
<b>Profit on ordinary activities before taxation</b>	<u>2,430,308</u>	<u>3,920,554</u>
Profit on ordinary activities before taxation multiplied by the standard rate in the UK of 21% (2014: 23%)	510,365	901,727
Effects of:		
Group relief claimed for nil consideration	(510,089)	(901,727)
Adjustments in respect of prior years	(276)	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>

There are no material amounts of deferred tax at either year end, therefore no deferred tax balances are recognised in these financial statements.

#### Factors affecting future tax charge:

During the year, Finance Act 2013 was enacted and included legislation to reduce the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015.

#### 6. Dividends

Dividends paid on equity shares:

	2015 US\$	2014 US\$
Interim paid for 2015 of US\$1.42 (2014 US\$0.60) per ordinary US\$1 share	7,100,000	3,000,000
Interim paid for 2015 of US\$1.42 (2014 US\$0.60) per ordinary £1 share	142	60
	<u>7,100,142</u>	<u>3,000,060</u>

## Kuwait Petroleum International Treasury Services Limited

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

#### 7. Debtors

	2015 US\$	2014 US\$
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	5,085,937	1,427,728,462
Other debtors	169,365	6,010,291
	<u>5,255,302</u>	<u>1,433,738,753</u>

The directors consider that the carrying amount of the debtors approximates their fair value.

Amounts owed by group undertakings relates in the main to Kuwait Petroleum International Treasury Services B.V. \$5,085,928 and is an unsecured interest bearing loan at a rate of 0.06% with a maturity date 13 April 2015.

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

	2015 US\$	2014 US\$
Amounts owed to group undertakings	-	1,244,953,727
Fair value of derivative financial instruments	-	3,635,634
Other creditors	-	178,296,470
Accruals and deferred income	-	176,350
	<u>-</u>	<u>1,427,062,181</u>

Due to the curtailment of the principal activity during the year, all prior year creditors have been settled.

#### 9. Derivative financial instruments and risk management

The fair values of external derivatives included in the financial statements for current year are nil.

	2015 US\$	2014 US\$
Current assets	-	3,193,368
Current liabilities	-	(3,635,634)
Net derivative financial instruments liability	<u>-</u>	<u>(442,266)</u>

## Kuwait Petroleum International Treasury Services Limited

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

#### 9. Derivative financial instruments and risk management (continued)

Fair value of derivative financial instruments represents the fair value of open foreign currency forward exchange contracts at the balance sheet date. During the year ended 31 March 2015, the movement in fair value of \$442,266 (2014: \$15,161,553) arises from the settlement of derivatives closed out in the period.

##### Derivative financial instruments

The group for which the company acts as a treasury company operates internationally in commodity-based markets. As a result, it can be affected by changes in crude oil and petroleum product prices, exchange rates, and interest rates. In the areas described below, the company seeks to manage the risks arising from these external factors using a number of methods, some of which involve derivative instruments. The company does not use derivatives for speculative purposes. The risk in relation to interest rates is limited as the company was in a net deposit position in the year. The risk in relation to commodities is limited as the company undertakes very few commodity transactions.

##### Foreign exchange risk management

The company seeks to identify and measure all risks arising from movements in foreign exchange rates. Such risks are routinely hedged using a variety of methods, including derivatives such as forward currency contracts and swaps.

The principal source of foreign currency risk within the group which is hedged routinely by the company relates to other group companies' outstanding product supply accounts payable, which are mainly expressed in US dollars. These exposures, along with other transaction risks related to currency movements between commitment or billing and payment, are hedged by the company using derivative instruments such as forward currency contracts or, particularly in the case of uncertain exposures, swaps. All significant group foreign currency transactions, including those involving derivative instruments, were conducted through the company.

All foreign currency derivative instruments are marked to market at the end of each month. The gross contract amounts of such contracts, none of which extended beyond 12 months, are given in note 13.

The balances at 31 March 2015 relating to forward exchange contracts were nil in Euro/US\$ and Pounds Sterling/US\$.

##### Counter party risk management

The company controls counter party risks in relation to its cash, short-term deposits and derivative instruments by rigorous screening and credit assessment of all proposed trading counter parties and limits on total financial exposure with each counter-party individually. As a general rule, the company only deals with banks with the highest national or international standing and also limits its credit risk exposure and its daily settlement risk with any single bank to certain specified amounts. Both such exposures are further reduced by having standardised ISDA (International Swaps and Derivatives Association) Master Agreements, including set-off provisions, with each counter party.



## Kuwait Petroleum International Treasury Services Limited

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

#### 10. Called up share capital

	2015 US\$	2014 US\$
<b>Allotted and fully paid</b>		
5,000,000 (2014: 5,000,000) ordinary shares of US\$1 each	5,000,000	5,000,000
100 (2014: 100) ordinary shares of £1 each	<u>150</u>	<u>150</u>
Closing balance as at 31 March	<u>5,000,150</u>	<u>5,000,150</u>

#### 11. Reserves

Of the total reserves shown in the company's balance sheet, the following amounts are regarded as distributable or otherwise.

	Capital redemption reserve US\$	Profit and loss account US\$
Opening balance as at 1 April 2014	212,961	4,739,233
Profit for the financial year	-	2,430,308
Dividends	-	<u>(7,100,142)</u>
Closing balance as at 31 March 2015	<u>212,961</u>	<u>69,399</u>

The capital contribution is non distributable.

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

	2015 US\$	2014 US\$
Opening shareholders' funds at 1 April	9,952,344	9,031,850
Profit for the financial year	2,430,308	3,920,554
Dividends	<u>(7,100,142)</u>	<u>(3,000,060)</u>
Closing shareholders' funds at 31 March	<u>5,282,510</u>	<u>9,952,344</u>

#### 13. Financial commitments

In accordance with the company's accounting policy, all foreign currency exchange contracts are marked to market at the end of each month. At the year end the gross contracted amounts of such contracts was US\$NIL (2014: US\$1,632,044,341).

## **Kuwait Petroleum International Treasury Services Limited**

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

#### **14. Pension costs**

Kuwait Petroleum International Treasury Services Limited participates in a funded, defined benefit pension plan called the KPC UK Group Retirement Plan (the "Scheme"). This Scheme is closed to new members.

The assets and liabilities of the Scheme are recognised in full in the financial statements of Kuwait Petroleum International Limited. Kuwait Petroleum International Limited bears the majority of the risks and rewards of the Scheme and as such, in accordance with FRS 17, it is considered appropriate to recognise the full defined benefit deficit in this entity. It is not possible to separately identify Kuwait Petroleum International Treasury Services Limited's share of the assets and liabilities of the defined benefit pension scheme. Full disclosures regarding the Scheme are included in the financial statements of Kuwait Petroleum International Limited, which are publicly available from Companies House.

The UK group has agreed a recovery plan for the pension scheme deficit with the Scheme Trustees - £3,850,000 per annum is payable over a period of 10 years with the first payment paid in June 2010 and subsequent payments due in 31 March 2011 and each 31 March thereafter. The total additional contributions paid by the UK group for year ended 31 March 2015 were therefore £3,850,000 (2014: £3,850,000). Kuwait Petroleum International Limited will incur and settle 100% of the total additional contributions as the principal employer.

The company also contributes to personal defined contribution pension plans.

The total pension cost for the company for the financial year was US\$86,503 (2014: US\$166,080) and US\$22,350 (2014: US\$51,292) relates to defined contribution schemes.

#### **15. Ultimate parent company 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) AEC, incorporated in Aruba. Copies of the consolidated financial statements of KPC Holdings (Aruba) AEC can be obtained from Companies House, Crown Way, Maundy, Cardiff. CF14 3UZ.

#### **16. Related party transactions**

The company has utilised the exemption in paragraph 3(c) of Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with other members of the group headed by Kuwait Petroleum Corporation as it is a wholly owned subsidiary of the group headed by Kuwait Petroleum Corporation, whose financial statements are publically available.

#### **17. Subsequent events**

The principal activity of Kuwait Petroleum International Treasury Services Ltd (KPITS Ltd) was curtailed during the year. There will be no new business in KPITS Ltd and the company will apply for non-trading status in the year ending 31 March 2016. Management currently have no intentions to liquidate the Company.