

Company Number: 00886981

**Kuwait Petroleum International Treasury
Services Limited**

**Directors' report and financial statements
for the year ended 31 March 2014**



Kuwait Petroleum International Treasury Services Limited

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Kuwait Petroleum International Treasury Services Limited

Directors' report for the year ended 31 March 2014

The directors present their report and the audited financial statements for the year ended 31 March 2014.

Principal activities and future developments

The principal activity of the company is to act as a treasury company for the Kuwait Petroleum group. 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.

The Directors resolved on 1 December 2014 that all trading activities will be transferred to Kuwait Petroleum International Treasury Services B.V., a company registered in the Netherlands, and that the Company would cease trade upon maturity of the existing contracts. It has been proposed that the Company become dormant thereafter. 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\$3,920,554 (2013: US\$1,807,263). The directors recommended an interim dividend of US\$0.60 (2013: US\$0.20) per ordinary share, amounting to US\$3,000,060 (2013: US\$1,000,020) which was paid on 21 March 2014. The directors do not recommend the payment of a final dividend.

Directors

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

Bakheet Al-Rashidi (appointed on 3 June 2013)
Hussain Esmail (resigned on 3 June 2013)
Khaled Al-Mushileh (appointed on 1 May 2013)
Yousef Al-Yateem (resigned on 28 August 2013)
Samir A Hakim
Anthony P Saunders

There was no qualifying third party indemnity provision in force for the benefit of any director at any time during the financial year.

Kuwait Petroleum International Treasury Services Limited

Directors' report for the year ended 31 March 2014 (continued)

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.

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.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- the director has taken all the steps that he ought to have taken as a director to make himself 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 section 418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed 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.


Samir A Hakim
Director

9th December 2014

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 the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Kuwait Petroleum International Treasury Services Limited, comprise:

- the Balance sheet as at 31 March 2014;
- 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 their preparation 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements 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.

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.

Kuwait Petroleum International Treasury Services Limited

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.

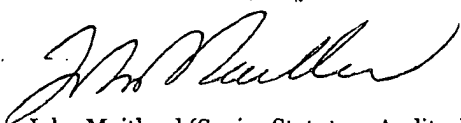
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, 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 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.



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

9th December 2014

Kuwait Petroleum International Treasury Services Limited

Profit and loss account for the year ended 31 March 2014

	Note	2014 US\$	2013 US\$
Administrative expenses		(1,827,255)	(1,859,854)
Interest receivable and similar income	3	31,083,550	39,414,771
Interest payable and similar charges	3	(25,335,741)	(35,757,440)
Operating profit and profit on ordinary activities before taxation	2	3,920,554	1,797,477
Tax on profit on ordinary activities	5	-	9,786
Profit for the financial year	11	3,920,554	1,807,263

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.

All activities of the company were continuing throughout both years.

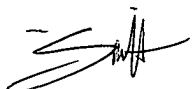
In accordance with FRS3 the differences between the profit on ordinary activities before taxation and the profit for the year stated on an unmodified historical cost basis arising from the effects of fair value accounting under FRS26, are not required to be disclosed. There are no other material differences 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 2014

	Note	2014 US\$	2013 US\$
Current assets			
Derivative financial instruments	9	3,193,368	15,259,560
Debtors	7	1,433,738,753	964,361,672
Cash at bank and in hand		82,404	253,063
		<u>1,437,014,525</u>	<u>979,874,295</u>
Creditors: amounts falling due within one year	8	(1,427,062,181)	(970,842,445)
Net current assets		<u>9,952,344</u>	<u>9,031,850</u>
Capital and reserves			
Called up share capital	10	5,000,150	5,000,150
Profit and loss account	11	4,739,233	3,818,739
Capital redemption reserve	11	212,961	212,961
Total shareholders' funds	12	<u>9,952,344</u>	<u>9,031,850</u>

The financial statements on pages 5 to 15 were approved by the Board of directors on 9th December 2014 and were signed on its behalf by:



Samir A Hakim

Director

Company number: 00886981

Kuwait Petroleum International Treasury Services Limited

Notes to the financial statements for the year ended 31 March 2014

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 2014 (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 2014 was 1.6648 (2013: 1.5143). The exchange rate for Euro/US\$ at 31 March 2014 was 1.3788 (2013: 1.2805).

Kuwait Petroleum International Treasury Services Limited

Notes to the financial statements for the year ended 31 March 2014 (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 \$44,021 (2013: \$43,464); \$28,000 (2013: \$28,000) of which was by another group undertaking.

3. Net interest receivable and similar income

	2014 US\$	2013 US\$
Interest receivable on money market deposits	850,386	1,789,758
Interest receivable on loans to group undertakings	5,694,595	4,404,322
Net foreign currency gains on foreign currency trading activities with external parties	24,538,569	33,220,691
Total interest receivable and similar income	31,083,550	39,414,771
Interest payable on overdrafts	(4,136)	(3,406)
Interest payable on money market borrowings	(667,642)	(480,675)
Interest payable on loans from group undertakings	(1,656,599)	(2,481,443)
Net foreign currency losses on foreign currency trading activities with group undertakings	(23,007,364)	(32,791,916)
Total interest payable and similar charges	(25,335,741)	(35,757,440)
Net interest receivable	5,747,809	3,657,331

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 2014 (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:

	2014 US\$	2013 US\$
Wages and salaries	802,554	789,838
Social security costs	25,832	34,342
Other pension costs (see note 14)	166,080	122,953
	<u>994,466</u>	<u>947,133</u>

The average monthly number of persons employed by the company during the financial year was three (2013: three). All three persons are employed in trading activities (2013: three).

Directors' remuneration:

One director (2013: one) was remunerated by the company. The remuneration of the director was as follows:

	2014 US\$	2013 US\$
Emoluments	301,387	282,501
Pension contributions to defined contribution schemes	114,788	104,915
	<u>416,175</u>	<u>387,416</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 (2013: 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 2014 (continued)

5. Tax on profit on ordinary activities

	2014 US\$	2013 US\$
Current tax		
UK corporation tax on profits of the year	-	-
Adjustment in respect of prior years	-	9,786
	<u>-</u>	<u>9,786</u>
Total current tax	<u>-</u>	<u>9,786</u>

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the United Kingdom for the year ended 31 March 2014 of 23% (2013: 24%).

	2014 US\$	2013 US\$
Profit on ordinary activities before taxation	3,920,554	1,797,447
	<u>3,920,554</u>	<u>1,797,447</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 23% (2013: 24%)	901,727	431,387
Effects of:		
Group relief claimed for nil consideration	(901,727)	(431,387)
Adjustment in respect of prior years	-	9,786
	<u>-</u>	<u>9,786</u>
Total current tax	<u>-</u>	<u>9,786</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:

A change to the UK Corporation Tax rate reducing it from 24% to 23% effective from 1 April 2013 was enacted on 3 July 2012 in the Finance Act 2012. Further reductions to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015 were substantively enacted on 2 July 2013 in Finance Act 2013. UK deferred tax is therefore recognised at the reduced rate of 20%.

6. Dividends

Dividends paid on equity shares:

	2014 US\$	2013 US\$
Interim paid for 2014 of US\$0.60 (2013 US\$0.20) per ordinary US\$1 share	3,000,000	1,000,000
Interim paid for 2014 of US\$0.60 (2013 US\$0.20) per ordinary £1 share	60	20
	<u>3,000,060</u>	<u>1,000,020</u>

Kuwait Petroleum International Treasury Services Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

7. Debtors

	2014 US\$	2013 US\$
Amounts falling due within one year:		
Amounts owed by group undertakings	1,427,728,462	964,230,226
Other debtors	6,010,291	131,446
	<u>1,433,738,753</u>	<u>964,361,672</u>

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

Amounts owed by group undertakings are not secured and include loans bearing interest at a rate of 0.2% over LIBOR for the term of the loan and have an average maturity of one month.

8. Creditors: amounts falling due within one year

	2014 US\$	2013 US\$
Amounts owed to group undertakings	1,244,953,727	970,208,707
Fair value of derivative financial instruments	3,635,634	540,273
Other creditors	178,296,470	2,881
Accruals and deferred income	176,350	90,584
	<u>1,427,062,181</u>	<u>970,842,445</u>

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

Amounts owed to group undertakings are not secured and include loans bearing interest at a rate of LIBOR for the term of the loan less 0.6% and have an average maturity of one month.

9. Derivative financial instruments and risk management

The fair values of external derivatives included in the financial statements are as follows:

	2014 US\$	2013 US\$
Current assets	3,193,368	15,259,560
Current liabilities	(3,635,634)	(540,273)
Net derivative financial instruments (liability)/asset	<u>(442,266)</u>	<u>14,719,287</u>

Kuwait Petroleum International Treasury Services Limited

Notes to the financial statements for the year ended 31 March 2014 (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 2014, the movement in fair value of \$15,161,553 (2013: \$19,090,156) arises from either the settlement of derivatives closed out in the period or changes to fair value which are included in the net interest receivable and payable in the profit and loss account.

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, are 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 2014 relating to forward exchange contracts were 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 2014 (continued)

10. Called up share capital

	2014 US\$	2013 US\$
Allotted and fully paid		
5,000,000 (2013:5,000,000) ordinary shares of US\$1 each	5,000,000	5,000,000
100 (2013:100) ordinary shares of £1 each	<u>150</u>	<u>150</u>
Closing balance as at 31 March	<u><u>5,000,150</u></u>	<u><u>5,000,150</u></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 2013	212,961	3,818,739
Profit for the financial year	-	3,920,554
Dividends	-	<u>(3,000,060)</u>
Closing balance as at 31 March 2014	<u><u>212,961</u></u>	<u><u>4,739,233</u></u>

The capital contribution is non distributable.

12. Reconciliation of movements in shareholders' funds

	2014 US\$	2013 US\$
Opening shareholders' funds at 1 April	9,031,850	8,224,607
Profit for the financial year	3,920,554	1,807,263
Dividends	<u>(3,000,060)</u>	<u>(1,000,020)</u>
Closing shareholders' funds at 31 March	<u><u>9,952,344</u></u>	<u><u>9,031,850</u></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, none of which extended beyond 12 months, was US\$1,632,044,341 (2013: US\$1,616,785,580).

Kuwait Petroleum International Treasury Services Limited

Notes to the financial statements for the year ended 31 March 2014 (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 of £3,850,000 per annum payable over a period of 10 years which commenced in June 2010, with subsequent payments made annually by 31 March thereafter. The total agreed additional contributions for the UK group for the year ended 31 March 2014 are £3,850,000 (2013: £3,850,000). Kuwait Petroleum International Treasury Services Limited will incur approximately 0.3% of the total additional contributions as a participating employer, via a re-charge from Kuwait Petroleum International Limited.

The company also contributes to personal defined contribution pension plans.

The total pension cost for the company for the financial year was US\$166,080 (2013: US\$122,953). Of this, US\$114,788 (2013: US\$104,915) relates to a recharge from Kuwait Petroleum International Limited in respect of the defined benefit scheme and US\$51,292 (2013: US\$18,038) 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, Maindy, 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 accounts are publically available.

17. Subsequent events

The Directors resolved on 1 December 2014 that all trading activities will be transferred to Kuwait Petroleum International Treasury Services B.V., a company registered in the Netherlands, and that the Company would cease trade upon maturity of the existing contracts. It has been proposed that the Company become dormant thereafter. Management currently have no intentions to liquidate the Company.