BP PIPELINES (BTC) LIMITED
(Registered No 04316931)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors D J Bucknall
S J MacRae
R C Harrington
G Y Birrell

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation was $241,588,000 which, when added to the retained profit brought forward at 1 January 2012 of $390,120,000 together with interim dividend paid to ordinary shareholder of $250,000,000, gives a total retained profit carried forward at 31 December 2012 of $381,708,000

During the year the company has declared and paid ordinary dividends of $250,000,000 (2011 $625,000,000) The directors do not propose the payment of a final dividend

Principal activity and review of the business

The principal activity of the company is to act as a holding company both directly and indirectly for a 30 1% investment in The Baku-Tbilisi-Ceyhan Pipeline Company ("BTC Co"), which has constructed and now operates a pipeline to transport crude oil from the Caspian Sea to the Mediterranean Sea The company owns directly and indirectly 30 1% of ordinary shares of BTC Co and directly 61 67% of preference shares of BTC Co Under the BTC financing arrangements the funds for preference shares were borrowed by the company from Baku-Tbilisi-Ceyhan Finance B V ("BTC Finance BV") BTC Finance BV was funded by BP International Limited ($535,379,466) and by commercial banks and agencies ($201,547,019)

BTC Co continued to operate the pipeline during 2012 with throughput averaging 676,321 barrels per day

During 2012 there were no increases in the company's investment in BTC Co or related borrowings, BTC Co redeemed a total of 84,324 preference shares at their issue cost of $1,000 each, the proceeds of which were applied by the company to repay borrowings

During 2012 the company continued to receive dividends from BTC Co the level of which decreased relative to 2011 due to lower throughput levels which was in line with expectations

The company has a direct 30 1% investment in BTC Pipeline Holding BV Company which participates in provision of finance to BTC Co

Principal activity and review of the business (continued)

The key fınancıal and other performance ındıcators durıng the year were as follows

	2012	2011	Varıance
	$000	$000	%
Dıvıdend ıncome	284,930	309,749	(8)
Profit after taxatıon	241,588	260,430	(7)
Shareholders' funds	731,708	740,120	(1)
Preference equıty ın BTC Co	217,551	301,875	(28)

	2012	2011	Varıance
	%	%	
Quıck ratıo	80	84	(4)

Quıck ratıo ıs defıned as current assets, excludıng stock and debtors receıvable after one year, as a percentage of current lıabılıtıes

The profıt after taxatıon of $241,588,000 (2011 $260,430,000) has decreased compared to 2011 due to a decrease ın dıvıdend ıncome The amount of preference equıty ın BTC Co has decreased by 28% due to redemptıon of preferred equıty of The Baku-Tbılısı-Ceyhan Pıpelıne Company

Principal risks and uncertainties

The company aıms to delıver sustaınable value by ıdentıfyıng and respondıng successfully to rısks Rısk management ıs ıntegrated ınto the process of plannıng and performance management at a group level Monıtorıng and accountabılıty for the management of these rısks occur through quarterly performance revıews at a group level

Please consıder carefully the rısks descrıbed below The potentıal ımpact of the occurrence or reoccurrence of any of the rısks descrıbed below could have a materıal adverse effect on the company's busıness, fınancıal posıtıon, results of operatıons, competıtıve posıtıon, cash flows, prospects, lıquıdıty, shareholder returns and/or ımplementatıon of ıts strategıc agenda

The company's ınvestment ın BTC Co ıs ındırectly ımpacted by several rısks prevalent wıthın BTC Co BTC Co's busıness consısts of a 1,768 km pıpelıne operatıng through Azerbaıjan, Georgıa and Turkey and faces ongoıng rısks such as socıo-polıtıcal, regulatory, ethıcal mısconduct and non-complıance, lıabılıtıes and provısıons, reportıng, lıquıdıty, process safety, envıronmental, securıty, transportatıon and crısıs management These rısks all have the potentıal to adversely affect BTC Co's ıncome stream and thus any dıvıdend ıt may pay The ıncome stream and ınvestment value ın BTC Co could therefore also be adversely affected by these rısks
Company level rısks have been categorısed agaınst the followıng areas *strategıc and commercıal, complıance and control* In addıtıon, we have also set out a further category of rısk for your attentıon – those resultıng from the 2010 Gulf of Mexıco oıl spıll (the Incıdent)

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on BP Pipelines (BTC) Limited

Whilst the BP group recognised significant charges in the income statement since the Incident occurred in 2010, there is significant uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the Incident, the potential changes in applicable regulations and the operating environment that may result from the Incident, the impact of the Incident on the reputation of the group and the resulting possible impact on the group's licence to operate including its ability to access new opportunities The amount of claims that become payable by the BP group, the amount of fines ultimately levied on the BP group (including any potential determination of the BP group's negligence or gross negligence), the outcome of litigation, the terms of any further settlements including the amount and timing of any payments thereunder, and any costs arising from any longer-term environmental consequences of the Incident, will also impact upon the ultimate cost for the BP group

Although the provisions recognised represent the current best estimates of expenditures required to settle certain present obligations that can be reasonably estimated at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligations reliably and the total amounts payable by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause costs to increase Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US The risks associated with the Incident could also heighten the impact of the other risks to which the group is exposed as further described below Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Compliance and control risks

Liabilities and provisions
The BP group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had, and are expected to continue to have, a material adverse impact on the group's business and consequently may also impact the company's business Further information is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Reporting
External reporting of financial and non-financial data is reliant on the integrity of systems and people Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation

REPORT OF THE DIRECTORS

Ethical misconduct and non-compliance
The code of conduct, which applies to all employees, defines the company's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions the company expects of its businesses and people wherever it operates The values are intended to guide the way the company and its employees behave and do business Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to the company's reputation and shareholder value Multiple events of non-compliance could call into question the integrity of the company's operations

Strategic and Commercial Risks

Socio-political
The diverse nature of the company's operations around the world exposes it to a wide range of political developments and consequent changes to the operating environment, regulatory environment and law

The company has operations in countries where political, economic and social transition is taking place Some countries have experienced or may experience in the future political instability, changes to the regulatory environment, expropriation or nationalisation of property, civil strife, strikes, acts of war and insurrections Any of these conditions occurring could disrupt or terminate the company's operations, causing its development activities to be curtailed or terminated in these areas or its production to decline, could limit the company's ability to pursue new opportunities, could affect the recoverability of its assets and could cause it to incur additional costs In particular, the company's investments in Azerbaijan, Georgia and Turkey could be adversely affected by heightened political and economic environment risks

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years They believe that the company is in a good position to take advantage of any opportunities which may arise in the future

It is the intention of the directors that the business of the company will continue for the foreseeable future

Directors

The present directors are listed on page 1

D J Bucknall and R C Harrington served as directors throughout the financial year Changes since 1 January 2012 are as follows

	Appointed	Resigned
R J O Javanshir	-	15 November 2012
G Y Birrell	15 November 2012	-
J H Barlett	-	27 February 2012
S J Macrae	27 February 2012	-
D Sanyal	-	1 January 2012
D J Bucknall	1 January 2012	-

BP PIPELINES (BTC) LIMITED

REPORT OF THE DIRECTORS

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms A copy of the code of practice may be obtained from the CBI

The number of days' purchases represented by trade creditors at the year-end was nil

Auditor

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board

Sunbury Secretaries Ltd
For and on behalf of
Sunbury Secretaries Limited
Company Secretary

27 September 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP PIPELINES (BTC) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 elected to prepare 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 the profit or loss for that period In preparing these accounts, the directors are required to

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

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

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts

BP PIPELINES (BTC) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP PIPELINES (BTC) LIMITED

We have audited the financial statements of BP Pipelines (BTC) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 17 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)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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) These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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 Annual Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst + Young LLP

Paul Wallek (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 September 2013

BP PIPELINES (BTC) LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Pipelines (BTC) Limited were approved for issue by the Board of Directors on 27 September 2013

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention

Basis of preparation

The directors consider it appropriate to prepare the accounts on a going concern basis, despite the uncertainties deriving from the current economic environment, the company is in an overall net assets position and therefore will be able to meet its liabilities as they fall due for the foreseeable future

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 400 (1) of the Companies Act 2006 The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p l c , a company registered in England and Wales These accounts present information about the company as an individual undertaking and not about the group

Dividends payable

Final dividends are recorded in the accounts in the year in which they are approved by the company's shareholders Interim dividends are recorded in the year in which they are approved and paid

Borrowing costs

Loan fees and premiums payable in respect of the finance debt are amortised to profit and loss account on a constant rate of interest basis over the life of the loans Unamortised amounts, apportioned between amounts to be amortised within and after one year, are deducted from creditors and finance debt respectively

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive the payment is established

BP PIPELINES (BTC) LIMITED

ACCOUNTING POLICIES

Foreign currency transactions

Foreign currency transactions are initially recorded in dollars by applying the exchange rate ruling on the date of transaction Foreign currency monetary assets and liabilities are translated into dollars at the rate of exchange ruling at the balance sheet date Exchange differences are included in the profit and loss account

Interest expense

Interest costs are not capitalised and are charged in the profit and loss account in the year in which it is incurred

Interest income

Interest income is recognised on an accrual basis

Investments

Fixed asset investments in associates are held at cost The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable If any such indication of impairment exists, the company makes an estimate of its recoverable amount Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount

Other debtors

Other debtors are carried at the original invoice amount, less allowances made for doubtful receivables Provision is made when there is objective evidence that the company will be unable to recover balances in full Balances are written off when the probability of recovery is assessed as being remote

Other creditors

Other creditors are carried at payment or settlement amounts If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate

Deferred tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future In particular

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and

ACCOUNTING POLICIES

Deferred tax (continued)

- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period Actual outcomes could differ from those estimates

BP PIPELINES (BTC) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Dividends income		284,930	309,749
Administration expenses		(11,275)	(11,743)
Profit on ordinary activities before interest and taxation	**1**	273,655	298,006
Interest payable and similar charges	**3**	(10,889)	(13,574)
Interest receivable and similar income	**4**	134	620
Profit before taxation		262,900	285,052
Taxation	**5**	(21,312)	(24,622)
Profit for the year		241,588	260,430

The profit of $241,588,000 for the year ended 31 December 2012 was derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012

There are no recognised gains or losses attributable to the shareholders of the company other than the profit

BP PIPELINES (BTC) LIMITED
(Registered No 04316931)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Fixed assets			
Investments	7	934,006	1,018,330
Current assets			
Debtors	8	90,802	100,005
Creditors: amounts falling due within one year	9	(113,663)	(119,165)
Net current liabilities		(22,861)	(19,160)
TOTAL ASSETS LESS CURRENT LIABILITIES		911,145	999,170
Creditors: amounts falling due after more than one year	9	(136,984)	(213,805)
Provisions for liabilities and charges			
Deferred tax	5	(42,453)	(45,245)
NET ASSETS		731,708	740,120
Represented by			
Capital and reserves			
Called up share capital	11	350,000	350,000
Profit and loss account	12	381,708	390,120
SHAREHOLDERS' FUNDS – EQUITY INTERESTS	12	731,708	740,120

On behalf of the Board

R C Harrington
Director

27 September 2013

BP PIPELINES (BTC) LIMITED

NOTES TO THE ACCOUNTS

1. Profit on ordinary activities before interest and taxation

This is stated after charging

	2012	2011
	$000	$000
Amounts provided against investments	173	266

2. Auditor's remuneration

	2012	2011
	$000	$000
Fees for the audit of the company	23	25

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BP Pipelines (BTC) Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

3. Interest payable and similar charges

	2012	2011
	$000	$000
Interest expense on		
Loans from group undertakings	-	3
Loans from associates	10,889	13,571
Total charged against profit	10,889	13,574

4. Interest receivable and similar income

	2012	2011
	$000	$000
Interest income from group undertakings	134	620

5. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010 No corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred UK tax that arises without charge

5. Taxation (continued)

The tax charge is made up as follows

	2012	2011
Current tax	$000	$000
Overseas tax on income for the year	24,104	26,399
Total current tax charge	24,104	26,399
Deferred tax		
Origination and reversal of timing differences	(2,792)	(1,777)
Total deferred tax credited	(2,792)	(1,777)
Tax charged on profit on ordinary activities	21,312	24,622

(a) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24% for the year ended 31 December 2012 (2011 – 26%) The differences are reconciled below

	2012	2011
	$000	$000
Profit on ordinary activities before tax	262,900	285,052
Current taxation	24,104	26,399
Effective current tax rate	9%	9%

	2012	2011
	%	%
UK corporation tax rate	24	26
Increase resulting from current overseas tax	9	9
Dividends not subject to UK tax	(25)	(27)
Free group relief	1	1
Effective current tax rate	9	9

5. Taxation (continued)

(b) Provision for deferred tax

The deferred tax included in the balance sheet is as follows

	2012	2011
	$000	$000
Accelerated capital allowances	42,456	44,429
Other timing differences	(3)	816
Provision for deferred tax	42, 453	45,245

	2012
	$000
At 1 January 2012	45,245
Deferred tax credited in the profit and loss account	(2,792)
At 31 December 2012	42,453

6. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2011 $Nil)

(b) Employee costs

The company had no employees during the year (2011 Nil)

7. Investments

	Investment in associates' ordinary shares	Investment in associate's preference shares	Total
Cost	$000	$000	$000
At 1 January 2012	719,045	301,875	1,020,920
Additions	173	-	173
Redemptions	-	(84,324)	(84,324)
At 31 December 2012	719,218	217,551	936,769
Amounts provided			
At 1 January 2012	(2,590)	-	(2,590)
Charge for the year	(173)	-	(173)
At 31 December 2012	(2,763)	-	(2,763)
Net book amount			
At 31 December 2012	716,455	217,551	934,006
At 31 December 2011	716,455	301,875	1,018,330

The investments in the associated undertakings are unlisted

The decrease of $84,324,000 in the year represents redemption of preferred equity of The Baku-Tbilisi-Ceyhan Pipeline Company

BP Pipelines (BTC) Limited funds the tax payments due by Baku-Tbilisi-Ceyhan Pipeline Finance B V by a capital contribution which is recorded as an equity addition and provision against investment, rather than a direct tax charge Tax payments funded by BP Pipelines (BTC) Limited during the year are included in the financial statements of its fixed assets investments for 2012

The associated undertakings of the company at 31 December 2012 and the percentage of equity capital held are set out below The principal country of operation is generally indicated by the company's country of incorporation or by its name

Associated undertakings	Class of share held	%	Country of incorporation	Principal activity
The Baku-Tbilisi-Ceyhan Pipeline Company*	Ordinary	29 2	Cayman Islands	Crude oil transportation
The Baku-Tbilisi-Ceyhan Pipeline Company	Preference	61 7	Cayman Islands	Crude oil transportation
The Baku-Tbilisi-Ceyhan Pipeline Company	Ordinary	0 9	Cayman Islands	Crude oil transportation
BTC International Investment Co *	Ordinary	30 1	Cayman Islands	Holding Company
Baku-Tbilisi-Ceyhan Pipeline Holding B V *	Ordinary	30 1	Netherlands	Holding Company
Baku-Tbilisi-Ceyhan Pipeline Finance B V	Ordinary	30 1	Netherlands	Financing

*Those investments held directly by the company are marked with an asterisk

7. Investments (continued)

The principal countries of operation of The Baku-Tbilisi-Ceyhan Pipeline Company are Azerbaijan, Georgia and Turkey

The company has given a shares mortgage over shares in its associated undertakings In addition, there are restrictions on the ability to transfer/dispose of these shareholdings, together with various indemnities for losses in favour of lenders and undertakings to equity fund any construction cost overrun in BTC Co

8. Debtors

	2012 Within 1 year $000	2011 Within 1 year $000
Amounts owed by group undertakings	54,249	61,840
Prepayments and accrued income	34,595	38,165
Amounts owed by associates	1,958	-
	90,802	100,005

Prepayments and accrued income are comprised of dividend receivable from The Baku-Tbilisi-Ceyhan Pipeline Company

9. Creditors

	2012 Within 1 year $000	2012 After 1 year $000	2011 Within 1 year $000	2011 After 1 year $000
Amounts owed to group undertakings	182	-	24	-
Taxation	26,063		26,399	
Accruals and deferred income	251	-	380	-
Loans (note 10)	76,765	136,984	81,494	213,805
Other	10,402	-	10,868	-
	113,663	136,984	119,165	213,805

10. Loans

Loans repayable, included within creditors, are analysed as follows

	2012 Within 5 years $000	2012 After 5 years $000	2011 Within 5 years $000	2011 After 5 years $000
Not wholly repayable				
Loans from associated undertakings	217,551	-	301,875	-
Less issue costs	(3,802)	-	(6,576)	-
	213,749	-	295,299	-

11. Called up share capital

	2012	2011
	$000	$000
Allotted, called up and fully paid		
350,000,000 ordinary shares of US $1 each for a total nominal value of $350,000,000	350,000	350,000
1 ordinary share of £1, translated at the exchange rate of £1=US $1 46	-	-
	350,000	350,000

12. Capital and reserves

	Called up share capital	Profit and loss account	Total
	$000	$000	$000
At 1 January 2012	350,000	390,120	740,120
Profit for the year	-	241,588	241,588
Dividends – current year interim paid	-	(250,000)	(250,000)
At 31 December 2012	350,000	381,708	731,708

In 2012 the company paid interim ordinary dividends of $250,000,000 (2011 $625,000,000) The dividend per share was $0 71 (2011 $ 1 79)

13. Reconciliation of movements in shareholders' funds

	2012	2011
	$000	$000
Profit for the year	241,588	260,430
Dividends – current year interim paid	(250,000)	(625,000)
Net decrease in shareholders' funds	(8,412)	(364,570)
Shareholders' funds at 1 January	740,120	1,104,690
Shareholders' funds at 31 December	731,708	740,120

14. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions with group companies

During the year the company entered into transactions, in the ordinary course of business, with other related parties Transactions entered into, and trading balances outstanding at 31 December, are as follows

14. Related party transactions (continued)

Related party	Relationship	Description	Amounts owed from related party $000	Amounts owed to related party $000
Baku-Tbilisi-Ceyhan Pipeline Finance B V	Associate	Funding		
2012			-	217,551
2011			-	301,875
Baku-Tbilisi-Ceyhan Pipeline Finance B V	Associate	Taxation		
2012			1,958	-
2011			-	-

15. Pensions

The company does not directly employ any staff and therefore does not directly bear any pension charge

16. Comparative figures

Certain prior year figures have been reclassified to conform to the 2012 presentation This had no impact on the profit and loss for the year or net assets / liabilities

17. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BTC Pipeline Holding Company Ltd. a company registered in England and Wales / Scotland The ultimate controlling parent undertaking is BP p l c , a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of the consolidated financial statements of BP p l c can be obtained from 1 St James's Square, London, SW1Y 4PD