BP INTERNATIONAL LIMITED
(Registered No 00542515)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors	R C Harrington
	B Gilvary
	D J Bucknall
	J H Bartlett

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 $2,363 million which, when added to the retained profit brought forward at 1 January 2012 of $2,538 million together with exchange adjustments taken directly to reserves of $83 million and total paid interim dividends to ordinary shareholders of $2,850 million, gives a total retained profit carried forward at 31 December 2012 of $2,134 million

In 2012 the company paid interim ordinary dividends of $2,850 million (2011 $4,919 million) The directors do not propose the payment of a final dividend

Principal activities and review of the business

The company, which is based in the UK, is engaged internationally in oil, petrochemicals and related financial activities It also provides services to other group undertakings and holds investments in subsidiary and associated undertakings engaged in similar activities

Refining and Marketing activities include the results of certain international business sectors with head offices in the United Kingdom. These businesses showed an operating loss for the year of $90 million (2011 profit of $164 million)

The operating profit from corporate and other activities of $2,362 million (2011 $4,582 million) includes dividends from subsidiary and associated undertakings of $3,193 million (2011 $4,443 million)

During the year, $45 million (2011 $57 million) was provided against the cost of investments No impairment provisions recorded previously were reversed during the year (2011 $212 million)

Principal activities and review of the business (continued)

The key financial and other performance indicators during the year were as follows

	2012	2011	Variance
	$ million	$ million	%
Turnover	94,687	87,395	8
Operating profit	2,272	4,746	(52)
Profit after taxation	2,363	4,626	(49)
Shareholders' funds	39,248	39,652	(1)

	2012	2011	Variance
	%	%	%
Quick ratio*	73	62	18

*Quick ratio is defined as current assets, excluding stock and financial assets due after one year, as a percentage of current liabilities

Turnover has increased predominantly due to increases in sales volumes associated with forward oil contracts

Operating profit has decreased largely due to a reduction in dividends from subsidiaries, a lower contribution from oil trading activities, and adverse foreign exchange effects

Shareholders' funds have remained at a similar level to the prior year, despite the profit for the year, since a dividend of $2,850 million (2011 $4,919 million) was also paid

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks Risk management is integrated into the process of planning and performance management at a group level Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level

We urge you to consider carefully the risks described below The potential impact of the occurrence or reoccurrence of any of the risks described below could have a material adverse effect on the company's business, financial position, results of operations, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda

Company level risks have been categorised against the following areas, strategic and commercial, compliance and control; safety and operational, and financial risk management In addition, we have also set out a further category of risk for your attention – those resulting from the 2010 Gulf of Mexico oil spill (the Incident)

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 International 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

Strategic and commercial risks

Prices and markets

Oil, gas and product prices are subject to international supply and demand Political developments and the outcome of meetings of OPEC can particularly affect world supply and oil prices Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources As a result, increased oil prices may not improve margin performance In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to further reviews for impairment of the company's oil and natural gas properties Such reviews would reflect management's view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on the company's results of operations in the period in which it occurs Rapid material or sustained change in oil, gas and product prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived from those decisions may no longer be appropriate

Refining profitability can be volatile, with both periodic over-supply and supply tightness in various regional markets, coupled with fluctuations in demand Sectors of the petrochemicals industry are also subject to fluctuations in supply and demand, with a consequent effect on prices and profitability.

Periods of global recession could impact the demand for the company's products, the prices at which they can be sold and affect the viability of the markets in which the company operates.

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Prices and markets (continued)
Governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry, including the risk of increased taxation, nationalisation and expropriation

The global financial and economic situation may have a negative impact on third parties with whom the company does, or may do, business with In particular, on-going instability in or a collapse of the Eurozone could trigger a new wave of financial crises and push the world back into recession, leading to lower demand and lower oil and gas prices

Climate change and carbon pricing
Compliance with changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, taxes, reduced profitability from changes in operating costs, and revenue generation and strategic growth opportunities being impacted The company's commitment to the transition to a lower-carbon economy may create expectations for its activities, and the level of participation in alternative energies carries reputational, economic and technology 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, and are seeking new opportunities, 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 the US, Russia and Thailand could be adversely affected by heightened political and economic environment risks

Competition
The company's strategy depends upon continuous innovation in a highly competitive market

The oil, gas and petrochemicals industries are highly competitive There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home Competition puts pressure on the terms of access to new opportunities, licence costs and product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency, while ensuring safety and operational risk is not compromised The implementation of the BP group strategy requires continued technological advances and innovation including advances in exploration, production, refining, petrochemicals manufacturing technology and advances in technology related to energy usage The company's performance could be impeded if competitors developed or acquired intellectual property rights to technology that it required or if its innovation lagged the industry, or by its failure to adequately protect the company's brands and trademarks The company's competitive position could be adversely affected if it fails to control its operating costs or manage its margins, or if it fails to sustain, develop and operate efficiently a high quality portfolio of assets

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Joint ventures and other contractual arrangements
Many of the company's major projects and operations are conducted through joint ventures or associates and through contracting and sub-contracting arrangements These arrangements often involve complex risk allocation, decision-making process and indemnification arrangements In certain cases, the company may have less control of such activities than it would have if the company had full operational control

The company's partners may have economic or business interests or objectives that are inconsistent with, or opposed to, those of the company's and may exercise veto rights to block certain key decisions or actions that the company believes are in its or the joint venture's or associate's best interest, or approve such matters without the company's consent

Additionally, the company's joint venture partners or associates or contractual counterparties are primarily responsible for the adequacy of the human or technical competencies and capabilities which they bring to bear on the joint project, and in the event these are found to be lacking the company's joint venture partners or associates may not be able to meet their financial or other obligations to their counterparties or to the relevant project, potentially threatening the viability of such projects

Furthermore, should accidents or incidents occur in operations in which the company participates, whether as operator or otherwise, and where it is held that the company's sub-contractors or joint venture partners are legally liable to share any aspects of the cost of responding to such incidents, the financial capacity of these third parties may prove inadequate to fully indemnify the company against the costs it incurs on behalf of the joint venture or contractual arrangement Should a key sub-contractor, such as a lessor of drilling rigs, be no longer able to make these assets available to the company, this could result in serious disruption to its operations Where the company does not have operational control of a venture, the company may nonetheless still be pursued by regulators or claimants in the event of an incident

Investment efficiency
The company's organic growth is dependent on creating a portfolio of quality options and investing in the best options Ineffective investment selection and development could lead to loss of value and higher capital expenditure

Digital infrastructure
The reliability and security of the company's digital infrastructure are critical to maintaining the availability of its business applications, including the reliable operation of technology in its various business operations and the collection and processing of financial and operational data, as well as the confidentiality of certain third-party information. A breach of the company's digital security, either due to intentional actions or due to negligence, could cause serious damage to business operations and, in some circumstances, could result in the loss of data or sensitive information, injury to people, damage to assets, harm to the environment, reputational damage, breaches of regulations, litigation, legal liabilities and reparation costs

Business continuity and disaster recovery
Contingency plans are required to continue or recover operations following a disruption or incident Inability to restore or replace critical capacity to an agreed level within an agreed timeframe would prolong the impact of any disruption and could severely affect business and operations

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Crisis management
Crisis management plans and capability are essential to deal with emergencies at every level of the company's operations If the company does not respond, or is perceived not to respond, in an appropriate manner to either an external or internal crisis, its business and operations could be severely disrupted

People and capability
Successful recruitment of new staff, employee training, development and continuing enhancement of skills, in particular technical capabilities such as petroleum engineers and scientists, are key to implementing the company's plans Inability to develop human capacity and capability, both across the organisation and in specific operating locations, could jeopardise performance delivery The company relies on recruiting and retaining high-quality employees to execute its strategic plans and to operate its business. The reputational damage suffered by the company as a result of the Incident and any consequent adverse impact on its business could affect employee recruitment and retention.

Compliance and control risks

Regulatory
Due to the Gulf of Mexico oil spill, it is likely that there will be more stringent regulation of the BP group's oil and gas activities in the US and elsewhere, particularly relating to environmental, health and safety controls and oversight of drilling operations, as well as access to new drilling areas

Regulatory or legislative action may impact the industry as a whole and could be directed specifically towards the BP group New regulations and legislation, the terms of the BP group's settlements with US government authorities and future settlements or litigation outcomes related to the Incident, and/or evolving practices could increase the cost of compliance and may require changes to the company's drilling operations, exploration, development and decommissioning plans, and could impact the company's ability to capitalise on its assets and limit its access to new exploration properties or operatorships In addition, increases in taxes, royalties and other amounts payable to governments or governmental agencies, or restrictions on availability of tax relief, could also be imposed as a response to the Incident

In addition, the oil industry in general is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental, health and safety controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalisation, expropriation, cancellation or non-renewal of contract rights

Failure to respond to changes in trading regulations could result in regulatory action and damage to the company's reputation The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law As a result of new laws and regulations or other factors, the company could be required to curtail or cease certain operations, or could incur additional costs

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

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

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

Treasury and trading activities
In the normal course of business the company is subject to operational risk around its treasury and trading activities Control of these activities is highly dependent on the company's ability to process, manage and monitor a large number of complex transactions across many markets and currencies Shortcomings or failures in the company's systems, risk management methodology, internal control processes or people could lead to disruption of its business, financial loss, regulatory intervention or damage to its reputation

Following the Gulf of Mexico oil spill, Moody's Investors Service, Standard and Poor's and Fitch Ratings downgraded the group's long-term credit ratings Since that time, the group's credit ratings have improved somewhat but are still lower than they were immediately before the Gulf of Mexico oil spill The impact that a significant operational incident can have on the group's credit ratings, taken together with the reputational consequences of any such incident the ratings and assessments published by analysts and investors' concerns about the group's costs arising from any such incident, on-going contingencies, liquidity, financial performance and volatile credit spreads, could increase the group's financing costs and limit the group's, and consequently also the company's, access to financing

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

Treasury and trading activities (continued)
The BP group's ability to engage in its trading activities could also be impacted due to counterparty concerns about the BP group's financial and business risk profile in such circumstances. Such counterparties could require that the group provide collateral or other forms of financial security for its obligations, particularly if the group's credit ratings are downgraded Certain counterparties for the group's non-trading businesses could also require that the group provide collateral for certain of its contractual obligations, particularly if the group's credit ratings were downgraded below investment grade or where a counterparty had concerns about the group's financial and business risk profile following a significant operational incident In addition, the BP group may be unable to make a drawdown under certain of its committed borrowing facilities in the event that the BP group is aware that there are pending or threatened legal, arbitration or administrative proceedings which, if determined adversely, might reasonably be expected to have a material adverse effect on its ability to meet the payment obligations under any of these facilities Credit rating downgrades could trigger a requirement for the company to review its funding arrangements with the BP pension trustees Extended constraints on the group's ability to obtain financing and to engage in its trading activities on acceptable terms (or at all) would put pressure on the group's liquidity In addition, this could occur at a time when cash flows from business operations would be constrained following a significant operational incident, and the group could be required to reduce planned capital expenditures and/or increase asset disposals in order to provide additional liquidity, as the group did following the Gulf of Mexico oil spill This in turn could also have adverse effects for the company's own financing requirements

Further information on the risks of Treasury and Trading activities are included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Safety and operational risks

Process safety, personal safety and environmental risks
The nature of the company's operations exposes it to a wide range of significant health, safety, security and environmental risks The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of the company's activities

There are risks of technical integrity failure as well as risk of natural disasters and other adverse conditions in many of the areas in which the company operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents

Security
Security threats require continuous oversight and control Acts of terrorism, piracy, sabotage, cyber-attacks and similar activities directed against the company's operations and offices, pipelines, transportation or computer systems could cause harm to people and could severely disrupt business and operations. The company's business activities could also be severely disrupted by, amongst other things conflict, civil strife or political unrest in areas where the company operates

Product quality
Supplying customers with on-specification products is critical to maintaining the company's licence to operate and its reputation in the marketplace Failure to meet product quality standards throughout the value chain could lead to harm to people and the environment and loss of customers

Principal risks and uncertainties (continued)

Financial risk management

The main financial risks faced by the company through its normal business activities, as well as its use of financial instruments, are market risk, commodity price risk, foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. The management of these financial risks is performed at BP group level The company seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss

Market risk
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows The management of such risks is performed at BP group level The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures. In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes

Commodity price risk
The group's integrated supply and trading function uses conventional financial and commodity instruments and physical cargoes available in the related commodity markets Oil and natural gas swaps, options and futures are used to mitigate price risk Power trading is undertaken using a combination of over-the-counter forward contracts and other derivative contracts, including options and futures This activity is on both a standalone basis and in conjunction with gas derivatives in relation to gas-generated power margin.

Foreign currency exchange risk
Fluctuations in foreign exchange rates can have significant effects on the company's reported results. The company's financial assets and liabilities give rise to transactional currency exposures Such exposures arise from transactions in a currency other than the company's functional currency The management of such risks is performed at BP group level The main underlying economic currency of the BP group's cash flows is the US dollar This is because the BP group's major product, oil, is priced internationally in US dollars. The BP group's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar The group co-ordinates the handling of foreign exchange risks centrally, by netting off naturally occurring opposite exposures wherever possible and then dealing with any material residual foreign exchange risks For highly probable forecast capital expenditures the group locks in the US dollar cost of non US dollar supplies by using currency forwards and futures

Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies Fluctuations in exchange rates can therefore give rise to foreign exchange exposures, with a consequent impact on underlying costs and revenues.

Principal risks and uncertainties (continued)

Financial risk management (continued)

Interest rate risk
The company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally finance debt

Where the company enters into money market contracts for entrepreneurial trading purposes, the activity is controlled at BP group level using value-at-risk techniques

Credit risk
Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company It arises from cash and cash equivalents derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. The management of such risks is performed at BP group level The group has a credit policy, approved by the CFO, which is designed to ensure that consistent processes are in place throughout the group to measure and control credit risk Credit risk is considered as part of the risk-reward balance of doing business On entering into any business contract the extent to which the arrangement exposes the group to credit risk is considered Before trading with a new counterparty can start, its creditworthiness is assessed and a credit rating allocated that indicates the probability of default, along with a credit exposure limit. Creditworthiness continues to be evaluated after transactions have been initiated and a watch list of higher-risk counterparties is maintained

Commercial credit risk is measured and controlled to determine the company's total credit risk Inability to determine adequately the company's credit exposure could lead to financial loss A credit crisis affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to the company It could also affect the company's ability to raise capital to fund growth and to meet its obligations

Liquidity risk
Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available This risk is managed by the BP group on the company's behalf and as such the company has access to the resources of the group The group has long-term debt ratings of A2 (stable outlook) assigned by Moody's consistently throughout the year and A (positive outlook) assigned by Standard & Poor's since July 2012, strengthened from A (stable outlook) in force at the start of the year

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

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

	Appointed	Resigned
J H Bartlett	27 February 2012	-

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 28

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

BP INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

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

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

20 September 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP INTERNATIONAL 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 INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP INTERNATIONAL LIMITED

We have audited the financial statements of BP International 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 28 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 13, 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 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, 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, 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
25 September 2013

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP International Limited were approved for issue by the Board of Directors on 18th 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, except for certain financial instruments which are accounted for at fair value (see accounting policy on derivative financial instruments below)

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes

Where the company acts as agent on behalf of a third party to procure or market energy commodities, any associated fee income is recognised but no purchase or sale is recorded Additionally, where forward sale and purchase contracts for oil, natural gas or power have been determined to be for trading purposes, the associated sales and purchases are reported net within sales and other operating revenues whether or not physical delivery has occurred

Dividend income

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

BP INTERNATIONAL LIMITED

ACCOUNTING POLICIES

Foreign currency transactions

Functional currency is the primary economic environment in which an entity or an operation of an entity operates and is normally the currency in which the entity primarily generates and expends cash.

Foreign currency transactions are initially recorded in the functional currency of the operation by applying the exchange rate ruling on the date of the transaction Monetary assets and liabilities denominated in foreign currencies are re-translated into the functional currency at the rate of exchange ruling at the balance sheet date Any resulting exchange differences are included in the profit and loss account, except for those which arise on long-term foreign currency borrowings used to finance the company's non US dollar investment in foreign operations which are recorded within equity Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition

Assets and liabilities of foreign operations, which have a functional currency other than US dollars, are translated into US dollars, the presentational currency, at rates of exchange ruling at the balance sheet date The profit and loss account is translated into US dollars using average rates of exchange Exchange differences arising when the opening net assets and the profits for the year retained by foreign operations are translated into US dollars are taken directly to reserves and reported in the statement of total recognised gains and losses

Derivative and other financial instruments

The company is exempt from the disclosure requirements of FRS 29 The company is included in the consolidated accounts of the ultimate parent undertaking, BP p l c , which include the disclosures on a group basis that comply with this standard

Financial assets are measured initially and subsequently at amortised cost Financial liabilities are measured initially at the amount of the net proceeds Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

The company uses derivative financial instruments (derivatives) to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates, to manage some of its margin exposure from changes in oil, natural gas and power prices, and for entrepreneurial trading purposes

All derivatives which are held for trading purposes and all oil price and natural gas price derivatives held for risk management purposes are held on the balance sheet at fair value ('marked to market') with changes in that value recognised in earnings for the year

Interest rate swap agreements, options and futures contracts are used to manage interest rate exposures Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest expense over the period of the contracts

As part of exchange rate risk management, foreign currency swap agreements and forward contracts are used to convert non-US dollar borrowings into US dollars Gains and losses on those derivatives are deferred and recognised on maturity of the underlying debt, together with the matching loss or gain on the debt. Foreign currency forward contracts and options are used to hedge significant non-US dollar firm commitments for fair-value hedges or highly probable anticipated transactions. Gains and losses on these contracts and option premia paid are also deferred and recognised in the profit and loss account or as adjustments to carrying amounts, as appropriate, when the hedged transaction occurs

BP INTERNATIONAL LIMITED

ACCOUNTING POLICIES

Research

Expenditure on research is written off in the year in which it is incurred

Interest expense

Interest is charged against income in the year in which it is incurred.

Interest income

Interest income is recognised on an accruals basis.

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.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the purchase consideration of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired. Goodwill is amortised over its estimated useful economic life, which is limited to a maximum period of twenty years, and is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets

Intangible assets include expenditure on computer software, patents, licences, trademarks and product development costs Product development costs are capitalised as intangible assets when a project has obtained sanction and the future recoverability of such costs can reasonably be regarded as assured

Intangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses Intangible assets with a finite life are depreciated on a straight-line basis over their expected useful lives The expected useful lives of the assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset The capitalised value of a finance lease is also included within tangible fixed assets.

Tangible assets, with the exception of freehold land and assets under construction, are depreciated on the straight line method over their estimated useful lives

ACCOUNTING POLICIES

Impairment of intangible and tangible fixed assets

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists or when annual impairment testing for an asset group is required, the company makes an estimate of its recoverable amount An asset group's recoverable amount is the higher of its net realisable value and its value in use Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life

Investments

Fixed asset investments in subsidiaries and 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

Where these circumstances have reversed the impairment previously made is reversed to the extent of the original cost of the investment

All other fixed asset investments are stated in the accounts at cost less provisions for permanent diminution in value

Stock valuation

Stocks are valued at cost to the company, using the first-in first-out method or net realisable value, whichever is the lower Stores are valued at cost to the company mainly using the average method or net realisable value, whichever is the lower

Trade and other debtors

Trade and 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

EY

Trade and other creditors

Trade and 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

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain The expense relating to any provision is presented in the profit and loss account net of any reimbursement If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

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 tax on gains arising on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- 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
- 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 average tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

ACCOUNTING POLICIES

Leases

Assets held under leases which transfer to the company substantially all risks and rewards incidental to ownership of the leased item are classified as finance leases, and are capitalised at inception of the lease at the fair value of the leased property or, if significantly lower, at the estimated present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability. The total finance charge is charged over the lease term so as to achieve a constant rate of interest on the remaining balance of the liability

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term

All other lease arrangements are classified as operating leases Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

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 INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $ million	2011 $ million
Turnover	1	94,687	87,395
Cost of sales		(94,634)	(86,603)
Gross profit		53	792
Distribution and administration expenses		(1,135)	(674)
Other operating income	4	3,354	4,628
Operating profit	1, 2	2,272	4,746
Interest payable and similar charges	5	(2,061)	(1,503)
Interest receivable and similar income	6	2,018	1 373
Profit before taxation		2,229	4,616
Taxation	7	134	10
Profit for the year		2,363	4 626

The profit of $2,363 million for the year ended 31 December 2012 has derived in its entirety from continuing operations

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

	2012 $ million	2011 $ million
Profit for the year	2,363	4,626
Currency translation	83	36
Movement in the mark to market of cash flow hedges	-	1
Total recognised gains and losses for the year	2,446	4,663

BP INTERNATIONAL LIMITED
(Registered No.00542515)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 $ million	2011 $ million
Fixed assets			
Intangible assets	9	208	181
Tangible assets	10	1,010	993
Investments	11	63,057	55,288
		64,275	56,462
Current assets			
Stocks	12	2,723	2,614
Debtors – amounts falling due	13		
within one year		59,044	51,827
after one year		63,360	67,015
Derivatives and other financial instruments - due	17		
within one year		800	541
after one year		1,721	1,567
Cash at bank and in hand		16,696	11,301
		144,344	134,865
Creditors: amounts falling due within one year			
Creditors	14	(103,963)	(102,246)
Finance debt	15	(47)	(374)
Derivatives and other financial instruments	17	(316)	(458)
Net current assets		40,018	31,787
TOTAL ASSETS LESS CURRENT LIABILITIES		104,293	88,249
Creditors: amounts falling due after more than one year			
Creditors	14	(62,642)	(46,304)
Finance debt	15	(1,348)	(968)
Derivatives and other financial instruments	17	(424)	(497)
Provisions for liabilities and charges			
Deferred tax	7	(523)	(662)
Other provisions	18	(108)	(166)
NET ASSETS		39,248	39,652
Represented by			
Capital and reserves			
Called up share capital	19	37,114	37,114
Profit and loss account	20	2,134	2,538
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		39,248	39,652

On behalf of the Board

David Bucknall

20 September 2013

EY

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, customs duties and sales taxes, represents amounts invoiced to third parties and other group companies The country of origin and destination is substantially the UK geographic area and also includes the UK based international oil and gas activities

Activity analysis	Turnover		Operating profit / (loss)	
	2012	2011	2012	2011
	$ million	$ million	$ million	$ million
Refining and marketing	95,082	87,557	(90)	164
Other businesses and corporate	225	227	2,362	4,582
Sales between businesses	(620)	(389)	-	-
	94,687	87,395	2,272	4,746

The refining and marketing segment includes oil supply and trading, petrochemicals and aromatic and acetyls operations

The other business and corporate segment includes management and financial activities

2. Operating profit

This is stated after charging / (crediting)

	2012	2011
	$ million	$ million
Hire charges under operating leases		
Land & buildings	28	27
Plant & machinery	72	65
Currency exchange losses	600	105
Expenditure on research	62	46
Depreciation of owned fixed assets (including amortisation of intangibles)	200	212
Depreciation of assets held under finance leases	5	9
Investment impairment reversals	-	(212)
Amounts provided against investments	45	57

3. Auditor's remuneration

	2012	2011
	$000	$000
Fees for the audit of the company	1,758	1,726

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 International Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

4. Other operating income

	2012	2011
	$ million	$ million
Income from subsidiary and associated undertakings		
Dividends	3,193	4,443
Miscellaneous income	161	185
	3,354	4,628

5. Interest payable and similar charges

	2012	2011
	$ million	$ million
Interest expense on		
Loans from group undertakings	2,061	1,500
Finance leases	-	3
	2,061	1,503

6. Interest receivable and similar income

	2012	2011
	$ million	$ million
Interest income from group undertakings	1,450	876
Other interest	568	497
	2,018	1,373

EY

7. Taxation

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

In respect of the 'ORF' activities (Outside the Ring Fence, meaning other than oil extraction activities in the UK and UK Continental Shelf) of other group members, BP International Limited has undertaken to procure the claim or surrender of free group relief to the extent it is required or to otherwise indemnify and provide for any current or deferred UK tax that arises Details of that provision are shown below

The tax charge is made up as follows

	2012	2011
Current tax	$ million	$ million
UK corporation tax on income for the year	2,683	3,447
Overseas taxation relief	(2,683)	(3,447)
UK tax underprovided / (overprovided) in prior years	6	(3)
	6	(3)
Overseas taxation on income for the year	1	2
Total current tax charged / (credited)	7	(1)
Deferred tax		
Origination and reversal of timing differences	137	-
Adjustments in prior year timing differences	(76)	(9)
Change in tax rate	(202)	-
Total deferred tax credited	(141)	(9)
Tax credited on profit on ordinary activities	(134)	(10)

(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
	UK	UK
	$ million	$ million
Profit on ordinary activities before tax	2,229	4,616
Current taxation	7	(1)
Effective current tax rate	0%	0%

7. Taxation (continued)

(a) Factors affecting the current tax charge (continued)

	2012	2011
	UK	UK
	%	%
UK corporation tax rate	24	26
Overseas corporation tax rate	-	-
Increase / (decrease) resulting from		
Accelerated capital allowances	(1)	-
Dividends not subject to tax	(34)	(25)
Non-deductible expenditure / non-taxable income	3	(1)
Tax provided on behalf of other group companies	120	75
Overseas taxation relief claimed by other group companies	(120)	(75)
Free group relief	7	-
Adjustments to tax charge in respect of previous years	1	-
Effective current tax rate	-	-

The permanent and timing difference shown in the current tax rate reconciliation above are those that arise for UK corporation tax purposes, rather than overseas tax purposes

(b) Factors that may affect future tax charges

The group has made elections to roll over ORF gains arising on the disposal of a number of assets by reinvesting the proceeds In the event that these replacement assets are disposed of, additional tax would become payable The company has provided for the deferred tax liability of $104 8 million (2011 $66 9 million) arising in respect of these claims

The group has ORF held over gains carried forward at 31 December 2012 of $168 6 million (2011: $165 million) for which a deferred tax liability has been recognised This is offset by an equal deferred tax asset recognised in respect of unrestricted ORF capital losses available.

Deferred tax assets have not been recognised on additional unrestricted capital losses of $181 million (2011 $245 million) and restricted capital losses of $482 million (2011 $439 million)

Other timing differences which give rise to a potential deferred tax asset of $943 3 million (2011 $919.6 million) have not been recognised as they are not expected to give rise to any future tax benefit

There are tax credits arising in overseas branches of UK companies amounting to $16 billion (2011: $12 7 billion) for which a deferred tax asset has not been recognised

7. Taxation (continued)

(c) Provision for deferred tax

The deferred tax included in the balance sheet is as follows

	2012	2011
	$ million	$ million
Fixed assets timing differences	1,008	1,361
Decommissioning and other provisions	(587)	(472)
Deferred double taxation relief	(118)	(227)
Other timing differences	220	-
Provision for deferred tax	523	662

Analysis of movements during the year	
At 1 January 2012	662
Charge for the year on ordinary activities	(141)
Exchange adjustments	2
At 31 December 2012	523

8. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as directors of the company during the financial year

B Gilvary is a director of BP p.l c , the ultimate parent undertaking, in whose accounts information required by the Companies Act 2006 as regards to emoluments is given. The remaining directors are senior executives of, and are remunerated by, BP p l c and received no remuneration for services to this company or its subsidiary undertakings

(b) Employee costs

The company had no employees during the year (2011 nil).

9. Intangible assets

	Software & other	Goodwill	Total
Cost	$ million	$ million	$ million
At 1 January 2012	644	42	686
Exchange adjustments	18	-	18
Additions	88	-	88
Disposals	(8)	-	(8)
At 31 December 2012	742	42	784
Amortisation			
At 1 January 2012	463	42	505
Exchange adjustments	12	-	12
Charge for the year	60	-	60
Disposals	(1)	-	(1)
At 31 December 2012	534	42	576
Net book value			
At 31 December 2012	208	-	208
At 31 December 2011	181	-	181
Principal rates of amortisation	20%	-	

10. Tangible assets

	Refining & marketing	Corporate & other	Total	Of which AUC*
Cost	$ million	$ million	$ million	$ million
At 1 January 2012	955	1,159	2,114	144
Exchange adjustments	32	58	90	6
Additions	28	105	133	15
Disposals	(5)	(12)	(17)	(31)
At 31 December 2012	1,010	1,310	2,320	134
Depreciation and impairment				
At 1 January 2012	526	595	1,121	-
Exchange adjustments	16	32	48	-
Charge for the year	47	98	145	-
Disposals	(2)	(2)	(4)	-
At 31 December 2012	587	723	1,310	-
Net book value				
At 31 December 2012	423	587	1,010	134
At 31 December 2011	429	564	993	144
Principal rates of depreciation	10%-25%	3%-25%		

*AUC = assets under construction Assets under construction are not depreciated

The net book value of freehold land at 31 December 2012 is $15 million (2011 $15 million)

Assets held under finance leases and included above, are

	Cost	Depreciation	Net book value
Leased assets – Plant and machinery	$ million	$ million	$ million
At 31 December 2012	-	-	-
At 31 December 2011	308	254	54

11. Investments

Cost	Subsidiary shares $ million	Investment in associate shares $ million	Loans to associates $ million	Other $ million	Total $ million
At 1 January 2012	55,786	17	4	274	56,081
Exchange adjustments	1	1	-	-	2
Additions	7,888	7	-	20	7,915
Disposals	-	-	-	(101)	(101)
Repayment	-	-	(2)	-	(2)
At 31 December 2012	63,675	25	2	193	63,895
Impairment losses					
At 1 January 2012	772	-	-	21	793
Charge for the year	44	-	-	1	45
At 31 December 2012	816	-	-	22	838
Net book amount					
At 31 December 2012	62,859	25	2	171	63,057
At 31 December 2011	55,014	17	4	253	55,288

The investments in the subsidiary and associated undertakings are unlisted

During the year, the company invested $7,390 million into BP Australia Swaps Management Limited, a new company set up to restructure the funding to the Australian group from the International Finance Centre in Belgium

The subsidiary undertakings, associated undertakings and joint ventures of the company at 31 December 2012 and the percentage of equity capital held set out below are the investments which principally affected the profits or net assets of the company To avoid a statement of excessive length, details of investments which are not significant have been omitted The principal country of operation is generally indicated by the company's country of incorporation or by its name

Subsidiary undertakings	**Class of share held**	**%**	**Country of incorporation**	**Principal activity**
BP Australia Swaps Management Limited	Ordinary	100	England & Wales	Finance
BP Capital Markets p l c	Ordinary	100	England & Wales	Finance
BP Caplux S.A	Ordinary	100	Luxembourg	Holding company
BP Exploration Company Limited	Ordinary	100	Scotland	Exploration and production
BP Finance p l c	Ordinary	100	England & Wales	Finance
BP Oil UK Limited	Ordinary	100	England & Wales	Refining and marketing
BP Russian Investments Limited	Ordinary	100	England & Wales	Holding company
BP Singapore Pte Limited	Ordinary	100	Singapore	Refining and marketing
BP Sutton Limited	Ordinary	100	England & Wales	Finance

12. Stocks

	2012	2011
	$ million	$ million
Stock held for trading purposes	2,697	2,585
Stock held not for trading	26	29
	2,723	2,614

The difference between the carrying value of stocks and their replacement cost is not material

13. Debtors

	2012	2012	2011	2011
	Within 1 year	After 1 year	Within 1 year	After 1 year
	$ million	$ million	$ million	$ million
Trade debtors	3,357	-	4,383	-
Amounts owed by group undertakings	55,025	63,250	46,657	66,837
Amounts owed by associates	105	102	88	159
Other debtors	418	4	450	11
Corporation tax	-	-	134	-
Prepayments and accrued income	139	4	115	8
	59,044	63,360	51,827	67,015

14. Creditors

	2012	2012	2011	2011
	Within 1 year	After 1 year	Within 1 year	After 1 year
	$ million	$ million	$ million	$ million
Trade creditors	7,204	-	7,445	-
Amounts owed to group undertakings	94,401	62,620	93,464	46,277
Amounts owed to associates	88	-	89	-
Other creditors	1,609	-	543	1
Corporation tax	5	-	-	-
Accruals and deferred income	656	22	705	26
	103,963	62,642	102,246	46,304

15. Finance debt

Loans repayable, included within creditors, are analysed as follows

	2012	2012	2011	2011
	Within 1 year $ million	After 1 year $ million	Within 1 year $ million	After 1 year $ million
Bank loans and overdrafts	47	1,348	88	968
Amounts due under finance leases	-	-	286	-
	47	1,348	374	968

There were no bank loans and overdrafts repayable after 5 years

At 31 December 2012 the company had access to the Group's undrawn borrowing facilities available amounting to $6,800 million (2011 $6,900 million), which were covered by formal commitments

16. Obligations under leases

Amounts due under finance leases are as follows

	2012	2011
Amounts payable.	$ million	$ million
Within 1 year	-	370
Between 2 to 5 years	-	-
Thereafter	-	-
	-	370
Less finance charges	-	(84)
Net obligations	-	286

Annual commitments under non-cancellable operating leases are set out below:

	2012	2011
	$ million	$ million
Operating leases which expire		
Within 1 year	72	63
Between 2 to 5 years	123	78
Thereafter	42	39

17. Derivatives and other financial instruments

In the normal course of business the company enters into derivative financial instruments (derivatives), to manage its normal business exposures in relation to commodity prices, foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt consistent with risk management policies and objectives

Derivatives held for trading
The company maintains active trading positions in a variety of derivatives The contracts may be entered into for risk management purposes, to satisfy supply requirements or for entrepreneurial trading Certain contracts are classified as held for trading, regardless of their original business objective, and are recognised at fair value with changes in fair value recognised in the profit and loss account Trading activities are undertaken by using a range of contract types in combination to create incremental gains by arbitraging process between markets, locations and time period The net of these exposures is monitored using market value-at-risk techniques

The fair values of derivative financial instruments at 31 December are set out below

	2012	2012	2011	2011
	Fair value asset $ million	Fair value liability $ million	Fair value asset $ million	Fair value liability $ million
Cash flow hedges				
- Currency forwards, futures and cylinders	1	-	-	-
Fair value hedges				
- Currency forwards, futures and swaps	874	(245)	842	(400)
- Interest rate swaps	981	-	606	-
Derivatives held for trading				
- Currency derivatives	161	(192)	192	(267)
- Oil price derivatives	336	(144)	294	(148)
- Interest rate contracts	168	(159)	174	(140)
	2,521	(740)	2,108	(955)
Of which				
– current	800	(316)	541	(458)
– non-current	1,721	(424)	1,567	(497)
	2,521	(740)	2,108	(955)

18. Other provisions

	Other
	$ million
At 1 January 2012	166
Exchange adjustments	1
New or increased provisions	15
Write-back of unused provisions	(10)
Utilisation	(64)
At 31 December 2012	108

Other provisions include amounts in respect of overseas indirect tax exposures, third party debt guarantee contracts and a number of other items. The majority of other provisions are expected to be settled within one to three years. Where the impact of discounting is significant other provisions are discounted using a real discount rate of 0.5% (2011 0.5%)

19. Called up share capital

	2012	2011
	$ million	$ million
Allotted, called up and fully paid		
24,086,946,910 Ordinary shares of £1 each for a total nominal value of £24,086,946,910	37,114	37,114

20. Capital and reserves

	Called up share capital	Profit and loss account	Total
	$ million	$ million	$ million
At 1 January 2012	37,114	2,538	39,652
Profit for the year	-	2,363	2,363
Currency translation	-	83	83
Dividends – current year interim paid	-	(2,850)	(2,850)
At 31 December 2012	37,114	2,134	39,248

In 2012 the company paid interim ordinary dividends of $2,850 million (2011 $4,919 million). The dividend per share was $0.12 (2011 dividend per share $0.20)

21. Reconciliation of movements in shareholders' funds

	2012	2011
	$ million	$ million
Profit for the year	2,363	4,626
Issue of ordinary share capital	-	3,000
Dividends – current year interim paid	(2,850)	(4,919)
Currency translation	83	36
Movement in the mark to market of cash flow hedges	-	1
Net (decrease) / increase in shareholders' funds	(404)	2,744
Shareholders' funds at 1 January	39,652	36,908
Shareholders' funds at 31 December	39,248	39,652

22. Capital commitments

Authorised and contracted future capital expenditure by the company for which contracts had been placed but not provided in the accounts at 31 December 2012 is estimated at $62 million (2011 $68 million)

23. Guarantees and other financial commitments

The company has issued guarantees under which amounts outstanding at 31 December 2012 were $21,002 million (2011 $14,459 million) There are contingent liabilities in respect of guarantees and indemnities entered into as part of, and claims arising from, the ordinary course of the company's business, including borrowing by its subsidiary undertakings upon which no material losses are expected to arise

24. 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 entered into 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

24. Related party transactions (continued)

Related party (Relationship)	Description	Sales	Purchases	Amounts owed by related party	Amounts owed to related party
		$ million	$ million	$ million	$ million
TNK-BP Limited (Affiliate)	Refining and Marketing				
2012		-	3,156	-	-
2011		-	1,934	-	-
BP Southern Africa (Proprietary) Limited (Affiliate)	Refining and Marketing				
2012		3,013	-	378	-
2011		2,460	-	355	-
BP Trinidad and Tobago LLC (Affiliate)	Exploration and production				
2012		-	-	-	223
2011		-	-	-	251

25. Off-balance sheet arrangements

The company enters into operating lease arrangements for the hire of buildings and plant and equipment as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets The hire charges for the year are disclosed in note 2 and the annual commitments under these arrangements are disclosed in note 16 There are no other material off-balance sheet arrangements

26. Pensions

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

27. Comparative figures

The amounts included in the balance sheet as at 31 December 2011 for debtors and creditors were understated by $17,697m because certain balances with other BP group companies had been incorrectly netted The comparatives in these financial statements have been amended to correct for this Amounts owed by group undertakings, included within debtors due within one year, have been increased by $17,697m. Amounts owed to group undertakings, included within creditors due within one year and creditors due after one year, have been increased by $9,763m and $7,934m respectively

28. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP p l c. a company registered in England and Wales 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