AIR BP LIMITED
(Registered No 01150609)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors	A F Holmes D I Gilmour J W W Wood

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 $35,935,000 which, when added to the retained profit brought forward at 1 January 2012 of $49,534,000 together with exchange adjustments taken directly to reserves of $520,000 and total paid interim dividends to ordinary shareholders of $30,000,000, gives a total retained profit carried forward at 31 December 2012 of $55,989,000

During the year the company has declared and paid dividends of $30,000,000 (2011: $20,000,000) The directors do not propose the payment of a final dividend

Principal activity and review of the business

During the year the company was engaged in marketing aviation fuels and specialist products in twenty three countries around the world It also provided various levels of accounting, administrative, technical and IT support to the BP international aviation business

The company's branch in Kosovo ceased operations end 2011

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

	2012	2011	Variance
	$000	$000	%
Turnover	296,990	360,465	(18)
Operating profit	35,424	41,196	(14)
Profit after taxation	35,935	41,227	(13)
Shareholders' funds	76,029	69,574	9

	2012	2011	Variance
	%	%	
Quick ratio*	132	120	11

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

In 2012 Air BP Ltd profit after tax was down 13% vs 2011 Fuel volumes were down 14% due to cessation of operations in Kosovo, Georgia and the Maldives, and lower sales in Israel (due to customer flight reductions and lost business) and Ireland (planned reduction) Turnover was down 18% vs 2011 Air BP Ltd's credit risk service to the rest of the BP aviation business provided an additional income of around $37m, down 9% vs 2011 Credit risk income and contract assignment commission is based on turnover and so is linked to both the fuel price and sales volumes

The outlook for the business heading into 2013 should be more stable, with fewer portfolio changes However, high fuel product prices and GDP decline (in particular in many European countries) will continue to negatively affect jet demand

AIR BP LIMITED

REPORT OF THE DIRECTORS

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).

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 Air BP 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

Principal risks and uncertainties (continued)

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, 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

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

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

Compliance and control risks

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

Safety and operational risks

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

Transportation
All modes of transportation of hydrocarbons involve inherent risks An explosion or fire or loss of containment of hydrocarbons or other hazardous material could occur during transportation by road, rail, sea or pipeline This is a significant risk due to the potential impact of a release on people and the environment and given the high volumes involved

Principal risks and uncertainties (continued)

Financial risk management

The main financial risks faced by the company through its normal business activities, are market risk, foreign currency exchange risk and credit 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

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)

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

Research and development

Research costs incurred are for staff, materials and equipment involved in aviation fuel technology research

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

A Holmes and D I Gilmour served as directors throughout the financial year. Changes since 1 January 2012 are as follows

	Appointed	Resigned
D Coleman		03 January 2012
J W W Wood	03 January 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

AIR BP LIMITED

REPORT OF THE DIRECTORS

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 25

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

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

30 August 2013

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

AIR BP 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

AIR BP LIMITED

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

We have audited the financial statements of Air BP 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 21 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 8, 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

William Testa (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
3 September 2013

AIR BP LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of Air BP Limited were approved for issue by the Board of Directors on 4 JULY 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.

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.

Revenue recognition

Commissions associated with the company's performance under a contractual arrangement in place with a principal are included in sales and other operating revenues Any amounts received or receivable from the customers that are payable to the principal are not recognised as revenue.

Revenues associated with the sale of oil and petroleum products and all other items are recognised when title passes to the customer

Dividend income

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

Foreign currency transactions

Assets and liabilities of foreign currency branches are translated into dollars at rates of exchange ruling at the balance sheet date The profit and loss account is translated into dollars using average rates of exchange Exchange differences arising when the opening net assets and the profits for the year retained by foreign currency branches are translated into dollars are taken directly to reserves and reported in the statement of total recognised gains and losses Exchange gains and losses arising on long-term foreign currency borrowings, to the extent that they are used to finance or to provide hedge against the company's foreign currency investments, are also dealt with in reserves

All other exchange gains or losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit or loss for the year.

Research

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

Capitalisation of finance costs and interest

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

ACCOUNTING POLICIES

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.

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

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the asset is written down to its recoverable amount The value in use is determined from estimated discounted future net cash flows

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

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

Maintenance expenditure

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised All other maintenance costs are expensed as incurred

AIR BP LIMITED

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 joint ventures 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.

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

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

AIR BP LIMITED

ACCOUNTING POLICIES

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

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

AIR BP LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		$000	$000
Turnover	1	296,990	360,465
Cost of sales		(293,173)	(350,762)
Gross profit		3,817	9,703
Distribution and marketing expenses		(4,329)	(4,935)
Administration expenses		(922)	(4,057)
Other operating income	4	36,858	40,485
Profit on ordinary activities before investment income, interest and taxation	2	35,424	41,196
Interest payable and similar charges	5	(29)	-
Interest receivable and similar income	6	792	592
Profit before taxation		36,187	41,788
Taxation	7	(252)	(561)
Profit for the year		35,935	41,227

The profit of $35,935,000 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

	2012	2011
	$000	$000
Profit for the year	35,935	41,227
Currency translation differences	520	(797)
Total recognised gains and losses for the year	36,455	40,430

AIR BP LIMITED
(Registered No 01150609)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Fixed assets			
Intangible assets	9	159	173
Tangible assets	10	11,307	9,810
Investments	11	33	33
		11,499	10,016
Current assets			
Stocks	12	309	280
Debtors	13	264,506	371,557
Cash at bank and in hand		314	1,633
		265,129	373,470
Creditors: amounts falling due within one year	14	(200,599)	(311,455)
Net current assets		64,530	62,015
TOTAL ASSETS LESS CURRENT LIABILITIES		76,029	72,031
Provisions for liabilities and charges			
Other provisions	15	-	(2,457)
NET ASSETS		76,029	69,574
Represented by			
Capital and reserves			
Called up share capital	16	20,040	20,040
Profit and loss account	17	55,989	49,534
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		76,029	69,574

On behalf of the Board

David Gilmour

D I Gilmour
Director

29/08/ 2013

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 group companies.

Turnover is attributable to one continuing activity, the marketing of aviation fuels and specialist products, and comprises sales proceeds excluding customs duties and sales taxes The directors believe that a geographical analysis provides no meaningful information

2. Profit on ordinary activities before investment income, interest and taxation

This is stated after charging / (crediting)

	2012	2011
	$000	$000
Currency exchange (gains)	(679)	(279)
Expenditure on research	892	853
Depreciation of owned fixed assets (including amortisation of intangibles)	2,331	2,500

3. Auditor's remuneration

	2012	2011
	$000	$000
Fees for the audit of the company	101	95

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 Air BP 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
	$000	$000
Fees / commissions received	36,739	40,366
Operating lease rentals – plant and machinery	119	119
	36,858	40,485

5. Interest payable and similar charges

	2012	2011
	$000	$000
Interest expense on		
Other	29	-
	29	-

6. Interest receivable and similar income

	2012	2011
	$000	$000
Interest income from group undertakings	786	592
Other interest	6	-
	792	592

7. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010 No UK 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

The tax charge is made up as follows

	2012	2011
Current tax	$000	$000
Overseas tax on income for the year	252	561
Total current tax charged	252	561
Tax charged on profit on ordinary activities	252	561

(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
	$000	$000
Profit on ordinary activities before tax	36,187	41,788
Current taxation	252	561
Effective current tax rate	1%	1%

AIR BP LIMITED

NOTES TO THE ACCOUNTS

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.		
Non-deductible expenditure / non-taxable income	1	-
Fixed asset timing differences	-	1
Transfer pricing adjustment	1	1
Double tax relief	(1)	(1)
Current overseas tax	1	1
Free group relief	(25)	(27)
Effective current tax rate	1	1

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

8. **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)

9. Intangible assets

	Software Licences
Cost	$000
At 1 January 2012 and 31 December 2012	632
Amortisation	
At 1 January 2012	459
Charge for the year	14
At 31 December 2012	473
Net book value	
At 31 December 2012	159
At 31 December 2011	173
Principal rates of amortisation	25%

10. Tangible assets

	Short Leasehold	Fixtures & fittings	Software	Plant & machinery	Total
Cost	$000	$000	$000	$000	$000
At 1 January 2012	224	760	14,452	8,206	23,642
Exchange adjustments	-	-	-	37	37
Additions	-	-	3,770	23	3,793
Disposals	-	-	(15)	(1,449)	(1,464)
At 31 December 2012	224	760	18,207	6,817	26,008
Depreciation and impairment					
At 1 January 2012	204	81	7,216	6,331	13,832
Exchange adjustments	-	-	-	16	16
Charge for the year	2	92	1,924	299	2,317
Disposals	-	-	(15)	(1,449)	(1,464)
At 31 December 2012	206	173	9,125	5,197	14,701
Net book value					
At 31 December 2012	18	587	9,082	1,620	11,307
At 31 December 2011	20	679	7,236	1,875	9,810
Principal rates of depreciation	20%	12 5%	25%	5%-25%	

11. Investments

	Loans to associates
	$000
Cost	
At 1 January 2012 and 31 December 2012	33
Amounts provided	
At 1 January 2012 and 31 December 2012	-
Net book amount	
At 1 January 2012 and 31 December 2012	33

The joint ventures 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.

Joint ventures	**Class of share held**	**%**	**Principal place of business**	**Principal activities**
Fingal Aviation Services Limited	Ordinary	50	Ireland	Aircraft refuelling

12. Stocks

	2012	2011
	$000	$000
Trading stocks	309	280
	309	280

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

13. Debtors

	2012	2011
	Within 1 year	Within 1 year
	$000	$000
Trade debtors	26,764	32,013
Amounts owed by group undertakings	226,528	326,922
Other debtors	5,209	4,325
Prepayments and accrued income	5,917	7,772
VAT recoverable	88	525
	264,506	371,557

14. Creditors

	2012 Within 1 year $000	2011 Within 1 year $000
Trade creditors	16,167	23,679
Amounts owed to group undertakings	160,231	260,768
Other creditors	4,037	3,110
Accruals and deferred income	20,164	23,898
	200,599	311,455

15. Other provisions

	Other $000	Total $000
At 1 January 2012	2,457	2,457
Utilisation	(2,457)	(2,457)
At 31 December 2012	-	-

The other provision related to disputed claims made by a third party in respect of sales transactions from prior periods

16. Called up share capital

	2012 $000	2011 $000
Allotted, called up and fully paid		
12,000,000 shares of £1 each for a total nominal value of £12,000,000	20,040	20,040
	20,040	20,040

17. Capital and reserves

	Called up share capital $000	Profit and loss account $000	Total $000
At 1 January 2012	20,040	49,534	69,574
Currency translation differences	-	520	520
Profit for the year	-	35,935	35,935
Dividends – current year interim paid	-	(30,000)	(30,000)
At 31 December 2012	20,040	55,989	76,029

In 2012 the company paid interim ordinary dividends of $30,000,000 (2011 $20,000,000) The dividend per share was $2 50 (2011 dividend per share: $1 67)

18. Reconciliation of movements in shareholders' funds

	2012	2011
	$000	$000
Profit for the year	35,935	41,227
Currency translation differences	520	(797)
Dividends – current year interim paid	(30,000)	(20,000)
Net increase in shareholders' funds	6,455	20,430
Shareholders' funds at 1 January	69,574	49,144
Shareholders' funds at 31 December	76,029	69,574

19. 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

Related party	Relationship	Description	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
			$000	$000	$000	$000
Air BP Copec S A	Joint Venture	Services				
2012			-	-	-	13
2011			-	-	-	85
Air BP Copec S A	Joint venture	Consultancy				
2012			150	-	60	-
2011			120	-	-	-
Air BP Georgia LLC	Joint Venture	Jet Fuel				
2012			-	3,489	-	1,417
2011			-	11,549	-	818
Air BP Georgia LLC	Joint Venture	Consultancy				
2012			21	-	21	-
2011			21	-	21	-
Air BP Italia spa	Joint venture	Services				
2012			2,204	133	-	4,986
2011			76	-	9	5,784
Air BP Italia spa	Joint venture	Consultancy				
2012			127	-	127	-
2011			123	-	122	-
Bahrain Aviation Fuelling Company	Joint venture	Consultancy				
2012			200	-	-	-
2011			200	-	-	-
Epic Aviation, LLC	Joint venture	Services				
2012			-	575	-	-
2011 (restated)			-	2,397	-	162

19. Related party transactions (continued)

Related party	Relationship	Description	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
			$000	$000	$000	$000
Estonian Aviation Fuelling Services	Joint venture	Jet Fuel				
2012			-	13,508	-	344
2011			-	11,903	-	1,109
Estonian Aviation Fuelling Services	Joint venture	Services				
2012			68	-	17	-
2011 (restated)			65	2	17	-
Fingal Aviation	Joint venture	Services				
2012			106	27	-	-
2011			151	51	-	5
GISSCO S A	Joint venture	Consultancy				
2012			85	-	21	-
2011			85	-	21	-
Heathrow Hydrant Operating Company Ltd	Joint venture	Consultancy				
2012			76	-	-	-
2011			-	-	-	-
Jamaican Aircraft Refuelling Services	Joint venture	Consultancy				
2012			88	-	22	-
2011			85	-	22	-
Peninsular Aviation Services Co	Joint venture	Consultancy				
2012			305	14	173	4,521
2011			167	21	180	4,169
Pentland Aviation Fuelling Services	Joint venture	Consultancy				
2012			-	-	-	-
2011			73	-	31	-
Shenzhen Cheng Yuan Aviation Oil Company Limited	Joint venture	Consultancy				
2012			127	-	63	-
2011			123	-	16	-
South China Bluesky Aviation Oil Company Limited	Joint venture	Consultancy				
2012			250	-	250	-
2011			250	-	-	-
Sharjah Aviation Services Co LLC	Joint venture	Consultancy				
2012			-	-	-	-
2011			169	-	-	-

20. Pensions

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

21. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP International Limited, 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