BP OIL INTERNATIONAL LIMITED

(Registered No 00322365)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors M J O'Sullivan
P J Reed
A H Haywood
C J Mendes

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 £1,215,180 which, when added to the restated retained profit brought forward at 1 January 2012 of £11,059,996, gives a total retained profit carried forward at 31 December 2012 of £12,275,176

The company has not declared any dividends during the year (2011 £nil) The directors do not propose the payment of a dividend

Principal activity and review of the business

The company acts as an agent for BP International Limited (BPI) and BP Oil UK Limited in the acquisition, transportation, processing and marketing of crude oil and petroleum products as well as in the buying, selling, dealing and underwriting of future and option contracts related to the same commodities

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

	2012	Restated 2011	Variance
	£000	£000	%
Turnover	82,081	75,662	8 5
Operating profit	5,179	5,369	(3 5)
Profit after taxation	1,215	1,339	(9 3)
Shareholders' funds	137,275	136,060	0 9

	2012	2011	Variance
	%	%	
Quick ratio*	761	809	(48)

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

The Company recharges all administration costs and interest payable charges to BPI These are the key drivers of the turnover figure For 2012, the administration costs recharged have increased compared to 2011, whilst a reduction in recharged interest payable has partially offset this increase This has resulted in an overall increase in turnover for 2012

During the year the Company ceased trading directly on ICE From 2013 onwards no interest will be receivable by the Company for ICE trading

BP OIL INTERNATIONAL 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 compliance and control, 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 BP Oil 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

BP OIL INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Compliance and control risks

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

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

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 and foreign currency exchange 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

BP OIL INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

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

J M Mies, P J Reed, A H Haywood, C J Mendes served as a director throughout the financial year. Changes since 1 January 2012 are as follows

	Appointed	Resigned
J M Mies		1 February 2013
M J O'Sullivan	1 February 2013	

Directors' indemnity

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

Policy and practice on payment of creditors

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

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

Auditor

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

BP OIL 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

10 September 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP OIL 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 OIL INTERNATIONAL LIMTED

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

We have audited the financial statements of BP Oil 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 16 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on 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
12 September 2013

BP OIL INTERNATIONAL LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Oil International Limited were approved for issue by the Board of Directors on 2 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.

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

Foreign currency transactions

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

Interest

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

Interest income

Interest income is recognised on an accruals basis

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

Other creditors

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

BP OIL INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £000	2011 £000
Turnover	1	82,081	75,662
Administration expenses		(76,902)	(70,293)
Profit on ordinary activities before investment income, interest and taxation		5,179	5,369
Interest payable and similar charges	3	(4,668)	(4,867)
Interest receivable and similar income	4	704	837
Profit before taxation		1,215	1,339
Taxation	5	-	-
Profit for the year		1,215	1,339

The profit of £1,215,180 for the year ended 31 December 2012 was derived in its entirety from continuing operations

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

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

BP OIL INTERNATIONAL LIMTED
(Registered No 00322365)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 £000	Restated 2011 £000
Current assets			
Investments	7	-	-
Debtors	8	158,044	155,239
		158,044	155,239
Creditors: amounts falling due within one year	9	(20,769)	(19,179)
Net current assets		137,275	136,060
TOTAL ASSETS LESS CURRENT LIABILITIES		137,275	136,060
NET ASSETS		137,275	136,060
Represented by			
Capital and reserves			
Called up share capital	10	125,000	125,000
Profit and loss account	11	12,275	11,060
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		137,275	136,060

On behalf of the Board

M O'Sull

M J O'Sullivan
Director

10 September 2013

BP OIL INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to group companies The country of origin and destination is substantially the UK geographic area Turnover is attributable to one continuing activity, acting as an agent for group companies, and includes the reimbursement of costs and an agency fee

2. Auditor's remuneration

	2012	2011
	£000	£000
Fees for the audit of the company	28	23

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

3. Interest payable and similar charges

	2012	2011
	£000	£000
Interest expense on Payable to BP Finance PLC	4,668	4,867

On 1 October 2010, BP Finance (BPF) entered into a Guarantee Agreement (the Agreement) with Standard Bank plc (SB) for all trading activities with the Company In respect of the Agreement, BPF unconditionally and irrevocably guarantees the full and prompt payment arranged by the Company up to an aggregate maximum liability of £500,000,000 (the Amount) In consideration of the benefit to be gained by BPOI from entering into the agreement, the Company shall pay BPF a Guarantee fee of 151 25 basis points of the Amount, payable yearly in arrears, for so long as the guarantee is outstanding

As this interest payable expense relates solely to trading activities undertaken by BPI, this is on-charged in full

4. Interest receivable and similar income

	2012	2011
	£000	£000
Interest income from group undertakings	621	720
Other interest ICE Fund Interest	83	117
	704	837

5. 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 following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation.

	2012	2011
	£000	£000
Profit before taxation	1,215	1,339
Current taxation	-	-
Effective current tax rate	0%	0%

(a) Factors affecting the current tax charge

	2012	2011
	%	%
UK statutory corporation tax rate	24	26
(Decrease) resulting from		
Free group relief	(24)	(26)
Effective current tax rate	-	-

6. 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 (2011 £nil)

(b) Employee costs

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

7. Investments

	Other Investments
	£000
Cost	
At 1 January 2012	14,572
At 31 December 2012	14,572
Impairment losses	
At 1 January 2012	14,572
At 31 December 2012	14,572
Net book amount	
At 31 December 2012	-
At 31 December 2011	-

8. Debtors

	2012	Restated 2011
	Within 1 year	Within 1 year
	£000	£000
Amounts owed by group undertakings	158,044	142,955
Other debtors	-	12,284
	158,044	155,239

9. Creditors

	2012	Restated 2011
	Within 1 year	Within 1 year
	£000	£000
Amounts owed to group undertakings	20,769	19,179
	20,769	19,179

10. Called up share capital

	2012	2011
	£000	£000
Allotted, called up and fully paid		
125,000,000 Ordinary shares of £1 each for a total nominal value of £125,000,000	125,000	125,000
	125,000	125,000

11. Capital and reserves

	Equity share capital	Restated Profit and loss account	Total
	£000	£000	£000
At 1 January 2012	125,000	11,060	136,060
Profit for the year	-	1,215	1,215
At 31 December 2012	125,000	12,275	137,275

12. Reconciliation of movements in shaieholders' funds

	2012	Restated 2011
	£000	£000
Profit for the year	1,215	1,339
Net increase in shareholders' funds	1,215	1,339
Shareholders' funds at 1 January	136,060	134,721
Shareholders' funds at 31 December	137,275	136,060

13. 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 There were no other related party transactions in the year

14. Pensions

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

15. Prior year adjustment

A prior year adjustment has been made which reduces brought forward reserves by £7 6m. This was due to profits made on the sale of investments in ICE pre 2011 not being on-charged to BPI. The adjustment to correct this has been made in the current year accounts and has resulted in a restatement of brought forward reserves and an increase in amounts owed to group undertakings

A prior year adjustment has also been made to correct an intercompany balance that was incorrectly shown gross in 2011 The effect of this adjustment was to net £4 9m between current liabilities and current assets in 2011

16. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP International Ltd, 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