

BURMAH CASTROL PLC

(Registered No. SC005098)

ANNUAL REPORT AND ACCOUNTS 2011

Board of Directors: J J Carey
R R Hewins
M Johnson
B M Puffer

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2011.

Results and dividends

The profit for year after taxation was £23,887,000 which, when added to the retained profit brought forward at 1 January 2011 of £13,996,000 gives a total retained profit carried forward at 31 December 2011 of £37,883,000.

The company has not declared any dividends during the year (2010: £40,000,000). The directors do not propose the payment of a dividend.

Principal activity and review of the business

The company's principal activity is that of a holding company of an international group whose principal business is the global marketing and manufacturing of specialised lubricants. The company underwent changes due to the Project LESS resulting in the liquidation of its most important subsidiaries in 2011.

No key financial and other performance indicators have been identified for this company.

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.

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 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 Burmah Castrol plc.



BURMAH CASTROL PLC

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill (continued)

There is significant uncertainty in the extent and timing of costs and liabilities relating to the Incident, the impact of the Incident on the reputation of the BP group and the resulting possible impact on the company's ability to access new opportunities. There is also significant uncertainty regarding potential changes in applicable regulations and the operating environment that may result from the Incident. These increase the risks to which the group and therefore the company are exposed to. These uncertainties are likely to continue for a significant period. 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 BP Group recognized charges totalling \$40.9 billion in 2010 and a credit of \$3.7 billion in 2011 as a result of the Incident. The total amounts that will ultimately be paid by BP in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors. Furthermore, the amount of claims that become payable by BP, the amount of fines ultimately levied on BP (including any potential determination of BP's negligence or gross negligence), the outcome of litigation, and any costs arising from any longer-term environmental consequences of the oil spill, will also impact upon the ultimate cost for BP. Although the provision recognized is the current best estimate of expenditures required to settle certain present obligations at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligation reliably. 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 2011.

Compliance and control risk

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 our reputation.

Financial risk management

The main financial risks faced by the company through its normal business activities are foreign currency exchange risk, interest rate 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.

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. BP's foreign exchange management policy is to minimize economic and significant transactional exposures arising from currency

BURMAH CASTROL PLC

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

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.

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.

Future developments

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

Going concern

The directors consider that, despite the uncertainties deriving from the current economic environment and the profit reported for the year, the company has adequate resources to continue in operational existence for the foreseeable future.

Directors

There have been no director appointments or resignations since 1 January 2011.

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 with respect to payment of suppliers

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.

BURMAH CASTROL PLC

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

A handwritten signature in black ink, appearing to be 'Kump' or similar, written in a cursive style.

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

25 JUNE 2012

Registered Office:

1 Wellheads Avenue
Dyce
Aberdeen
AB21 7PB
United Kingdom

BURMAH CASTROL PLC

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 proper 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.

BURMAH CASTROL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF **BURMAH CASTROL PLC**

We have audited the company's financial statements of Burmah Castrol Plc for the year ended 31 December 2011 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 behalf of Ernst & Young LLP, Statutory Auditor
Registered auditor
London

28 June 2012

BURMAH CASTROL PLC

ACCOUNTING POLICIES

Accounting standards

The financial statements of Burmah Castrol Plc were approved for issue by the Board of Directors on **24 JUNE** 2012.

These accounts are prepared in accordance with 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.

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.

Dividend income

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

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.

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.

BURMAH CASTROL PLC

ACCOUNTING POLICIES

Investments

Fixed asset investments in subsidiaries, joint ventures 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 are reversed to the extent of the original cost of the investment.

BURMAH CASTROL PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £000	2010 £000
Administration expenses		(398)	(1,614)
Exchange losses		-	(2,009)
Operating profit	1	(398)	(3,623)
Gain on liquidation	3	25,199	-
Interest payable and similar charges	4	(2,122)	(2,202)
Interest receivable and similar income	5	472	1,655
Other income		227	117
Profit on ordinary activities before taxation		23,378	(4,053)
Taxation	6	509	-
Profit/(loss) for the year		23,887	(4,053)

The profit of £23,887,000 for the year ended 31 December 2011 has derived in its entirety from continuing operations.

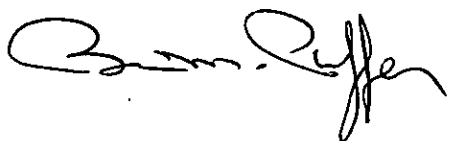
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of £23,887,000 for the year ended 31 December 2011 (2010 loss of £4,053,000).

BURMAH CASTROL PLC**(Registered No. SC005098)****BALANCE SHEET AT 31 DECEMBER 2011**

	Note	2011 £000	2010 £000
Fixed assets			
Investments	8	250,732	312,900
Current assets			
Debtors	9	378,117	551,574
Cash at bank and in hand		1,417	5,170
Creditors: amounts falling due within one year	10	(212,979)	(476,244)
Net current assets		166,555	80,500
TOTAL ASSETS LESS CURRENT LIABILITIES		417,287	393,400
NET ASSETS		417,287	393,400
Represented by:			
Capital and reserves			
Called up share capital	11	75,167	75,167
Share premium account	12	126,227	126,227
Capital redemption reserve	12	178,010	178,010
Profit and loss account	12	37,883	13,996
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		417,287	393,400

On behalf of the Board

Brian Puffer
Director

25 JUNE 2012

BURMAH CASTROL PLC

NOTES TO THE ACCOUNTS

1. Operating profit

This is stated after charging:

	<u>2011</u>	<u>2010</u>
	£000	£000
Administration expenses	(398)	(1,614)
Currency exchange losses	<u>-</u>	<u>(2,009)</u>

2. Auditor's remuneration

	<u>2011</u>	<u>2010</u>
	£000	£000
Fees for the audit of the company	<u>5</u>	<u>6</u>

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

The fees for 2011 were borne by another group company

3. Gain on liquidation

	<u>2011</u>	<u>2010</u>
	£000	£000
Gain on liquidation	<u>25,199</u>	<u>-</u>

During the year certain subsidiary companies were liquidated, all their distributable reserves were paid up to Burmah Castrol Plc and their share capital were cancelled, resulting in a net profit on liquidation of £25,199,000

4. Interest payable and similar charges

	<u>2011</u>	<u>2010</u>
	£000	£000
Interest expense on loans from group undertakings	<u>(2,122)</u>	<u>(2,202)</u>

5. Interest receivable and similar income

	<u>2011</u>	<u>2010</u>
	£000	£000
Interest income from group companies	<u>472</u>	<u>1,655</u>

BURMAH CASTROL PLC

NOTES TO THE ACCOUNTS

6. Taxation

The Company is a member of a group for the purposes of relief within Part V, Corporation Tax Act 2010. No corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred 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:

	<u>2011</u>	<u>2010</u>
	£000	£000
Profit / (loss) before taxation	23,378	(4,053)
Current taxation	(509)	-
Effective current tax rate	(2)%	-
	<u>2011</u>	<u>2010</u>
	%	%
UK statutory corporation tax rate:	26	28
Decrease resulting from:		
Non-taxable income / Non-deductible expenditure	(28)	(8)
Current overseas tax	(2)	-
Other timing differences	1	(7)
Free group relief	6	(117)
Transfer pricing adjustments	(5)	104
Effective tax rate	<u>(2)</u>	<u>-</u>

7. Directors and employees

(a) Remuneration of directors

J J Carey is a director of BP Marine Limited in whose accounts information required by the Companies Act 2006 as regards to emoluments is given. The remaining directors are senior executives of the BP Plc Group and received no remuneration for services to this company.

(b) Employee Costs

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

BURMAH CASTROL PLC
NOTES TO THE ACCOUNTS

8. Investments

	Subsidiary shares	Total
	£000	£000
Cost		
At 1 January 2011	730,177	730,177
Disposals	(723,476)	(723,476)
Transfers	899,036	899,036
At 31 December 2011	<u>905,737</u>	<u>905,737</u>
Amounts provided		
At 1 January 2011	(417,277)	(417,277)
Disposals	411,143	411,143
Transfers	(648,871)	(648,871)
At 31 December 2011	<u>(655,005)</u>	<u>(655,005)</u>
Net book amount		
At 31 December 2011	<u>250,732</u>	<u>250,732</u>
At 31 December 2010	<u>312,900</u>	<u>312,900</u>

The investments in subsidiaries are unlisted. During the year the company liquidated the Menehall group and Burmah Castrol Holdings Ltd. As a result of the liquidation of the Burmah Castrol Holdings Ltd investments in Lubricants UK Ltd and Castrol Ltd were transferred and are now held directly by the company. The most significant subsidiary undertakings of the company at 31 December 2011 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the by the company's country of incorporation or by its name.

Subsidiary undertakings	Class of share held	%	Country of incorporation	Principal activity
Fosroc Expandite Ltd	Ordinary	100	England	Holding company
Castrol Ltd	Ordinary	100	England	Holding company
Lubricants UK ltd	Ordinary	100	England	Refining and marketing

BURMAH CASTROL PLC

NOTES TO THE ACCOUNTS

9. Debtors

	2011	2010
	Within 1	Within 1
	year	year
	£000	£000
Amounts owed by group undertakings	378,066	551,474
Other debtors	51	100
	<u>378,117</u>	<u>551,574</u>

10. Creditors

	2011	2010
	Within 1	Within 1
	year	year
	£000	£000
Amounts owed to group undertakings	211,524	474,826
Other creditors	1,455	1,418
	<u>212,979</u>	<u>476,244</u>

11. Called up share capital

	2011	2010
	£000	£000
Allotted, and called up 178,969,183 Ordinary shares of 42p each for a total nominal value £75,167,057	<u>75,167</u>	<u>75,167</u>

12. Capital and reserves

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£000	£000	£000	£000	£000
At 1 January 2011	75,167	126,227	178,010	13,996	393,400
Profit for the year	-	-	-	23,887	23,887
At 31 December 2011	<u>75,167</u>	<u>126,227</u>	<u>178,010</u>	<u>37,883</u>	<u>417,287</u>

BURMAH CASTROL PLC

NOTES TO THE ACCOUNTS

13. Reconciliation of movements in shareholders' funds

	<u>2011</u>	<u>2010</u>
	£000	£000
Profit for the year	23,887	(4,053)
Dividends – current year interim paid	-	(40,000)
Net increase in shareholders' interests	<u>23,887</u>	<u>(44,053)</u>
Shareholders' funds at 1 January	393,400	437,453
Shareholders' funds at 31 December	<u>417,287</u>	<u>393,400</u>

14. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions entered into with group companies. There were no other related party transactions in the year.

15. Pensions

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

16. Immediate and ultimate parent undertaking

The immediate and ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP p.l.c., a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.