

BURMAH CASTROL PLC
(Registered No. SC005098)

ANNUAL REPORT AND ACCOUNTS 2012

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

REPORT OF THE DIRECTORS

THURSDAY



A02 *A2BFSYE1* 27/06/2013 #84
COMPANIES HOUSE

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 £351,346,000 which, when added to the retained profit brought forward at 1 January 2012 of £37,883,000 together with total paid interim dividends to ordinary shareholders of £350,000,000, gives a total retained profit carried forward at 31 December 2012 of £39,229,000.

During the year the company has declared and paid dividends of £350,000,000 (2011: £nil). The directors do not propose the payment of a final 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.

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.

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.

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

Compliance and control risks

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 are 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.

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

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

There have been no director appointments or resignations since 1 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.

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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.

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

21 June 2013

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 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.

BURMAH CASTROL PLC

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

We have audited the financial statements of Burmah Castrol Plc 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 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 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

26 June 2013

BURMAH CASTROL PLC

ACCOUNTING POLICIES

Accounting standards

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

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.

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.

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 is reversed to the extent of the original cost of the investment.

BURMAH CASTROL PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	<u>2012</u> £000	<u>2011</u> £000
Dividends received	2	350,000	-
Administration expenses		<u>(299)</u>	<u>(398)</u>
Operating profit/(loss)		349,701	(398)
 Gain on liquidation	 3	 <u>-</u>	 <u>25,199</u>
Profit/(loss) on ordinary activities before interest and taxation		349,701	24,801
 Interest payable and similar charges	4	 -	 (2,122)
Interest receivable and similar income	5	1,645	472
Other income		-	227
 Profit before taxation		 <u>351,346</u>	 <u>23,378</u>
Taxation	6	<u>-</u>	<u>509</u>
Profit for the year		<u>351,346</u>	<u>23,887</u>

The profit of £351,346,000 for the year ended 31 December 2012 was derived in its entirety from continuing operations.

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

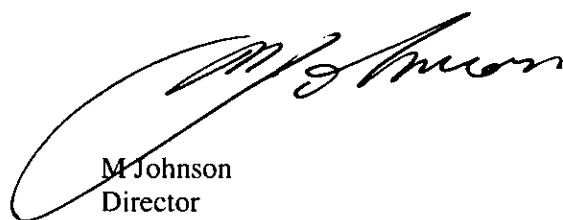
There are no recognised gains or losses attributable to the shareholders of the company other than the profit for the year.

BURMAH CASTROL PLC
(Registered No. SC005098)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	8	250,732	250,732
Current assets			
Debtors	9	380,465	378,117
Cash at bank and in hand		1,440	1,417
		381,905	379,534
Creditors: amounts falling due within one year	10	(214,004)	(212,979)
Net current assets		167,901	166,555
TOTAL ASSETS LESS CURRENT LIABILITIES		418,633	417,287
NET ASSETS		418,633	417,287
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	39,229	37,883
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		418,633	417,287

On behalf of the Board



M Johnson
Director

21 June 2013

BURMAH CASTROL PLC
NOTES TO THE ACCOUNTS

1. Auditor's remuneration

	<u>2012</u>	<u>2011</u>
	£000	£000
Fees for the audit of the company	<u>7</u>	<u>5</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 Plc's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

2. Dividends received

	<u>2012</u>	<u>2011</u>
	£000	£000
Dividends received	<u>350,000</u>	<u>-</u>

Burmah Castrol Plc received dividend of £350,000,000 from Castrol Limited in 2012 (2011: nil).

3. Gain on liquidation

	<u>2012</u>	<u>2011</u>
	£000	£000
Gain on liquidation	<u>-</u>	<u>25,199</u>
	<u>-</u>	<u>25,199</u>

During 2011 certain subsidiary companies were liquidated. All of their distributable reserves were paid up to Burmah Castrol Plc and their share capital was cancelled, resulting in a net profit on liquidation of £25,199,000.

4. Interest payable and similar charges

	<u>2012</u>	<u>2011</u>
	£000	£000
Interest expense on:		
Loans from group undertakings	<u>-</u>	<u>(2,122)</u>

5. Interest receivable and similar income

	<u>2012</u>	<u>2011</u>
	£000	£000
Interest income from group undertakings	<u>1,645</u>	<u>472</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 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.

	<u>2012</u>	<u>2011</u>
	£000	£000
Profit before taxation	351,346	23,378
Current taxation	-	(509)
Effective current tax rate	-	(2)%
	<u>2012</u>	<u>2011</u>
	%	%
UK statutory corporation tax rate:	24	26
Decrease resulting from:		
Dividends not subject to UK tax	(24)	(28)
Current overseas tax	-	(2)
Other timing differences	-	1
Free group relief	-	6
Transfer pricing adjustments	-	(5)
Effective current tax rate	<u>-</u>	<u>(2)</u>

BURMAH CASTROL PLC

NOTES TO THE ACCOUNTS

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.

8. Investments

	<u>Subsidiary shares</u>
Cost	<u>£000</u>
At 1 January 2012 and at 31 December 2012	<u>905,737</u>
Impairment losses	
At 1 January 2012 and at 31 December 2012	<u>655,005</u>
Net book amount	
At 1 January 2012 and at 31 December 2012	<u>250,732</u>

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

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

9. Debtors

	<u>2012</u>	<u>2011</u>
	Within	Within
	1 year	1 year
	£000	£000
Amounts owed by group undertakings	380,465	378,066
Other debtors	-	51
	<u>380,465</u>	<u>378,117</u>

BURMAH CASTROL PLC

NOTES TO THE ACCOUNTS

10. Creditors

	<u>2012</u>	<u>2011</u>
	Within	Within
	1 year	1 year
	£000	£000
Amounts owed to group undertakings	212,402	211,524
Other creditors	<u>1,602</u>	<u>1,455</u>
	<u>214,004</u>	<u>212,979</u>

11. Called up share capital

	<u>2012</u>	<u>2011</u>
	£000	£000
Allotted, called up and fully paid: 178,969.183 Ordinary shares of 42p each for a total nominal value of £75,167.057	75,167	75,167

12. Capital and reserves

	<u>Called up share capital £000</u>	<u>Share premium account £000</u>	<u>Capital redemption reserve £000</u>	<u>Profit and loss account £000</u>	<u>Total £000</u>
At 1 January 2012	75,167	126,227	178,010	37,883	417,287
Profit for the year	-	-	-	351,346	351,346
Dividends – current year interim paid	-	-	-	(350,000)	(350,000)
At 31 December 2012	<u>75,167</u>	<u>126,227</u>	<u>178,010</u>	<u>39,229</u>	<u>418,633</u>

In 2012 the company paid interim ordinary dividends of £350,000,000 (2011: nil). The dividend per share was £1.96.

13. Reconciliation of movements in shareholders' funds

	<u>2012</u>	<u>2011</u>
	£000	£000
Profit for the year	351,346	23,887
Dividends – current year interim paid	<u>(350,000)</u>	-
Net increase in shareholders' funds	1,346	23,887
Shareholders' funds at 1 January	417,287	393,400
Shareholders' funds at 31 December	<u>418,633</u>	<u>417,287</u>

BURMAH CASTROL PLC

NOTES TO THE ACCOUNTS

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 controlling parent undertaking

The immediate and 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.