BRITOIL LIMITED
(formerly Britoil Public Limited Company)
(Registered No. SC077750)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors: J H Bartlett
T W Garlick
D W Goodwill
J W Halliday
D J Lynch

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 $94 million which, when added to the retained profit brought forward at 1 January 2012 of $1,806 million, gives a total retained profit carried forward at 31 December 2012 of $1,900 million.

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 is engaged in the production and selling of petroleum products. It also provides services to other group undertakings within the BP group and holds investments in subsidiary undertakings engaged in similar activities.

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

	2012	2011	Variance
	$000	$000	%
Turnover	1,615,747	1,177,391	37.2
Operating profit	752,913	658,127	14.4
Profit / (loss) after taxation	94,372	(32,393)	391.0
Shareholders' funds	2,323,078	2,228,706	4.0

	2012	2011	Variance
	%	%	
Quick ratio *	140.0	138.7	1.3

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

Turnover has increased by $438 million. Oil revenue has increased $280 million due to higher production on a stable price. Gas revenues have increased $191 million due to a rise in both volumes and the average realised price achieved in 2012. These increases have been offset by a $33 million drop in tariff income mainly due to the Seans tariff contract expiring during 2011. Cost of sales rose by $365 million mainly as a result of accelerated FPSO depreciation on the Schiehallion field as well as revisions to the decommissioning provision estimate resulting in a $320 million overall increase to depreciation. There was higher maintenance spend in the year of $17 million. The rise in oil underlift was smaller than last year and accounted for $40 million of the increase in cost of sales. These increases were offset by PRT and other purchases compared to last year.

Principal activity and review of the business (continued)

During the year the Southern Gas Assets were disposed of which gave rise to a profit on disposal of $37 million.

An impairment charge in 2012 relating to the Don, Thistle, V fields and Viking late life assets amounted to $229 million.

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 Britoil 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

Access and renewal
Successful execution of the company's strategy depends on implementing activities to renew and reposition its portfolio. The challenges to renewal of the company's upstream portfolio are growing due to increasing competition for access to opportunities globally and heightened political and economic risks in certain countries where significant hydrocarbon bases are located. Lack of material positions in new markets could impact the company's future hydrocarbon production.

Moreover, the Gulf of Mexico oil spill has damaged the BP group's reputation, which may have a long-term impact on the group's ability to access new opportunities, both in the US and elsewhere. Adverse public, political and industry sentiment towards the BP group, and towards oil and gas drilling activities generally, could damage or impair the company's existing commercial relationships with counterparties, partners and host governments and could impair access to new investment opportunities, exploration properties, operatorships or other essential commercial arrangements with potential partners and host governments, particularly in the US. In addition, responding to the Incident has placed, and will continue to place, a significant burden on cash flow over the next several years, which could also impede the BP group's ability to invest in new opportunities and deliver long-term growth, which in turn may impact the company. More stringent regulation of the oil and gas industry generally, and of the BP group's activities specifically, arising from the Incident, could increase this risk.

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

Competition
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 competitors offer superior terms for access rights or licences, 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.

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Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

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

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

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

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

Reserves progression
Successful execution of the BP group strategy depends critically on sustaining long-term reserves replacement. If upstream resources are not progressed in a timely and efficient manner, the company will be unable to sustain long-term replacement of reserves.

Major project delivery
Successful execution of the company's plan depends critically on implementing the activities to deliver the major projects over the plan period. Poor delivery of any major project that underpins production or production growth, and/or a major programme designed to enhance shareholder value, including maintenance turnaround programmes, could adversely affect the company's financial performance. Successful project delivery requires, among other things, adequate engineering and other capabilities and therefore successful recruitment and development of staff is central to the company's plans.

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

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

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

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

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

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.

Principal risks and uncertainties (continued)

Compliance and control risks

Changes in external factors
The company remains exposed to changes in the external environment, such as new laws and regulations (whether imposed by international treaty or by national or local governments in the jurisdictions in which the company operates), changes in tax or royalty regimes, price controls, government actions to cancel or renegotiate contracts, market volatility or other factors. Such factors could reduce the company's profitability from operations in certain jurisdictions, limit its opportunities for new access, require it to divest or write-down certain assets or affect the adequacy of its provisions for pensions, tax, environmental and legal liabilities. Potential changes to pension or financial market regulation could also impact funding requirements of the company.

Safety and operational risks

Process safety, personal safety and environmental risks
The nature of the company's operations exposes it to a wide range of significant health, safety, security and environmental risks. The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of the company's activities. In addition, in many of the company's major projects and operations, risk allocation and management is shared with third parties, such as contractors, sub-contractors, joint venture partners and associates. See 'Joint ventures and other contractual arrangements'.

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

The company's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations. These operations are subject to various environmental and safety laws, regulations and permits and the consequences of failure to comply with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions. Accordingly, inherent in the company's operations is the risk that if it fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs and damage to the company's reputation or licence to operate.

BP's group-wide operating management system (OMS) intends to address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the group can analyse the performance of its activities and identify and remediate shortfalls. There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risk or provide the correct mitigations, or that all operations will be in conformance with OMS at all times.

EM

Drilling and production
Exploration and production require high levels of investment and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field. The company's exploration and production activities are often conducted in extremely challenging environments, which heighten the risks of technical integrity failure and natural disasters discussed above. The cost of drilling, completing or operating wells is often uncertain. The company may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions and compliance with governmental requirements.

In addition, exploration expenditure may not yield adequate returns, for example in the case of unproductive wells or discoveries that prove uneconomic to develop. The Gulf of Mexico incident illustrates the risks the company faces in its drilling and production activities.

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 the environment and people and given the high volumes involved.

Financial risk management

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

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

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

Foreign currency exchange risk

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

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

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.

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.

Research and development

Research and development costs relate to the company's share of group led research and development programmes and initiatives. The costs of these group projects are absorbed by the fields and therefore the legal entities which are expected to benefit from these developments in the future.

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth 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.

Name change

The company changed its name from "Britoil Public Limited Company" to "Britoil Limited" on 7 December 2012.

Post balance sheet event

On 28 November 2012 BP announced its intention to sell its interests in the Harding, Maclure and Devenick assets to TAQA Bratani Limited. The Harding and Maclure asset deals completed on 31 May 2013 and the Devenick asset deal completed on 28 June 2013. The gain on these transactions, as reported in the 30 June 2013 interim management accounts for Britoil Limited, was $578 million.

On 14 December 2012 BP announced its intention to sell its interests in the Sean assets to SSE E&P UK Limited. The deal completed on 12 April 2013. The gain on the transaction, as reported in the 30 June 2013 interim management accounts for Britoil Limited, was $63 million.

On 19 June 2013, Britoil Limited issued 7,028,080,375 Ordinary Shares of £0.10 each at par value to BP Exploration Operating Company Limited.

Directors

The present directors are listed on page 1.

J H Bartlett, T W Garlick, D W Goodwill, J W Halliday, and D J Lynch served as directors throughout the financial year. Changes since 1 January 2012 are as follows:

	Appointed	Resigned
J C Skipper	-	14 December 2012

Directors' indemnity

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

Policy and practice on payment of creditors

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

The number of days' purchases represented by trade creditors at the year-end was 30.

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

J W Halliday
Director

15 August 2013

Registered Office:

1 Wellheads Avenue
Dyce
Aberdeen
AB21 7PB
United Kingdom

BRITOIL 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITOIL LIMITED

We have audited the financial statements of Britoil 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 26. 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 11, 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

Moira Ann Lawrence (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen
15 AUGUST 2013

ACCOUNTING POLICIES

Accounting standards

The financial statements of Britoil Limited were approved for issue by the Board of Directors on 22 August 2013.

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards.

In addition to the requirements of accounting standards, the accounting for exploration and production activities is governed by the Statement of Recommended Practice ('SORP') 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001.

These accounts have been prepared in accordance with the provisions of the SORP with the exception of the following:

(i) The SORP recommends that oil and gas reserve quantities be disclosed. The company is a wholly owned subsidiary of BP p.l.c. and, as such, the oil and gas reserve quantities of the company are included in the consolidated oil and gas reserve quantities disclosed in the Annual Report and Accounts of BP p.l.c. Consequently the directors have elected not to publish this information for the company;

(ii) The SORP contains rules around the estimation of future oil and gas reserves. The company, as part of the BP group, estimates and calculates its reserves in accordance with the US Securities and Exchange Commission (SEC) rules. The main differences relate to the SEC requirement to use a twelve-month average price to assess future reserves, being the unweighted average of the price on the first day of the month for the past twelve months. This is the basis applied in the BP group reporting and is comparable with other oil majors. It is not possible for the company to quantify the impact of this departure as SORP estimates of reserves are no longer maintained.

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 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.

BRITOIL LIMITED

ACCOUNTING POLICIES

Revenue recognition

Revenues associated with the sale of oil, natural gas liquids, liquefied natural gas, petroleum and chemical products and all other items are recognised when title passes to the customer. Generally, revenues from the production of natural gas and oil properties in which the company has an interest with other producers are recognised on the basis of the company's working interests in those properties (the entitlement method). Differences between the production sold and the company's share of production (under / over lifts) are included as an adjustment to cost of sales.

Foreign currency transactions

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

Research

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

Capitalisation of finance costs and interest

Interest is capitalised gross of related tax relief during the period of construction where it relates either to the financing of major projects with long periods of development or to dedicated financing of other projects. All other interest is charged against income in the year in which it is incurred.

Interest income

Interest income is recognised on an accruals basis.

Royalty income

Royalty income is recognised on an accruals basis.

Intangible assets

Intangible assets include expenditure on the exploration for and evaluation of oil and natural gas resources, 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 not depreciated. The indefinite life of intangible assets is 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.

EPW

ACCOUNTING POLICIES

Oil and natural gas exploration and development expenditure

Oil and natural gas exploration and development expenditure is accounted for using the successful efforts method of accounting.

Licence and property acquisition costs

Exploration licence and property leasehold acquisition costs are initially capitalised within intangible fixed assets. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves'), the costs are aggregated with exploration expenditure and held on a field-by-field basis as proved properties awaiting approval within intangible assets. When development is sanctioned, the relevant expenditure is transferred to tangible production assets.

Each property is reviewed on an annual basis to confirm that drilling activity is planned and the property is not impaired. If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off.

Exploration expenditure

Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells, are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to regular technical, commercial and management review to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets.

Development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within tangible production assets.

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.

Oil and natural gas properties are depreciated using a unit-of-production method. The cost of producing wells is depreciated over proved developed reserves. Licence acquisition, decommissioning and field development costs are depreciated over total proved reserves. The unit-of-production rate for the depreciation of field development costs takes into account expenditures incurred to date, together with future development expenditure required to access the total proved reserves.

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Tangible fixed assets (continued)

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.

Changes in unit-of-production factors

Changes in factors which affect unit-of-production calculations are dealt with prospectively, not by immediate adjustment of prior years' amounts.

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.

Impairment of intangible assets and tangible fixed assets

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

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

Investments

Fixed asset investments in subsidiaries 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

The company's stock consists predominately of plant and insurance spares which are valued at cost to the company using the weighted average method or net realisable value whichever is 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.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, 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.

Decommissioning

Provision for decommissioning costs is recognised when the company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that provision can be made. Where an obligation exists for a new facility, such as oil and natural gas production or transportation facilities, this will be on construction or installation. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the capital costs of the production and transportation facilities.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Environmental liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required.

Environmental liabilities (continued)

Where the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

Deferred tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future. In particular:

- Provision is made for tax on gains arising on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Petroleum revenue tax

The estimation of the Petroleum Revenue Tax (PRT) charge is on a Unit of Production (UOP) basis. The PRT charge will be charged / credited to the profit and loss account on the basis of the current year's production compared to the remaining reserves as a proportion of the estimated total PRT liability of the field.

Discounting

The unwinding of the discount on provisions is included within interest expense. Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense, apart from decommissioning provisions where the change is adjusted against the decommissioning asset.

Leases

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term or capitalised where in support of fixed asset developments.

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.

BRITOIL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		$000	$000
Turnover	1	1,615,747	1,177,391
Cost of sales		(897,729)	(533,235)
Gross profit		718,018	644,156
Exploration expenses		(5)	(78)
Distribution and marketing expenses		(334)	(253)
Administration expenses		(17,269)	(16,670)
		700,410	627,155
Other operating income	4	52,503	30,972
Operating profit	2	752,913	658,127
Profit on disposal of fixed assets	5	36,624	-
Amounts provided against fixed assets	2	(228,896)	(282,856)
Profit on ordinary activities before interest and taxation		560,641	375,271
Income from shares in group undertakings		100,000	-
Interest payable and similar charges	6	(14,743)	(26,575)
Interest receivable and similar income	7	37,351	11,071
Profit before taxation		683,249	359,767
Taxation	8	(588,877)	(392,160)
Profit / (loss) for the year	19	94,372	(32,393)

The profit of $94.3 million 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.

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BRITOIL LIMITED
(Registered No. SC077750)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Fixed assets			
Intangible assets	10	191,688	189,920
Tangible assets	11	3,034,866	2,790,637
Investments	12	1,434,000	1,434,000
		4,660,554	4,414,557
Current assets			
Stocks	13	17,999	23,730
Debtors – *amounts falling due:*			
within one year	14	4,403,254	4,713,856
after one year	14	481,082	340,673
Cash at bank and in hand		5	5
		4,902,340	5,078,264
Creditors: amounts falling due within one year	15	(3,144,602)	(3,662,545)
Net current assets		1,757,738	1,415,719
TOTAL ASSETS LESS CURRENT LIABILITIES		6,418,292	5,830,276
Creditors: amounts falling due after more than one year	15	(1,100,863)	(1,101,725)
Provisions for liabilities and charges			
Deferred tax	8	(1,233,110)	(964,638)
Other provisions	17	(1,761,241)	(1,535,207)
NET ASSETS		2,323,078	2,228,706
Represented by			
Capital and reserves			
Called up share capital	18	289,898	289,898
Share premium account	19	133,109	133,109
Profit and loss account	19	1,900,071	1,805,699
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		2,323,078	2,228,706

On behalf of the Board

J W Halliday
Director

15 August 2013

BRITOIL LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and group companies.

The country of origin and distribution is substantially the UK geographical area.

Turnover is attributable to one continuing activity, the production and sale of petroleum products.

2. Operating profit

This is stated after charging / (crediting):

	2012	2011
	$000	$000
Hire charges under operating leases:		
Plant & machinery	74,246	75,518
Land & buildings	340	345
Currency exchange (gains) and losses	17,806	(20,701)
Expenditure on research	3,236	2,430
Depreciation of owned fixed assets (note 11)	559,254	239,171
Impairment (note 11)	228,896	282,856

The impairment charge is mainly driven by revisions to the decommissioning estimates. $131m was charged for the Don and Thistle fields, these fields are already in the decommissioning phase of their lifecycle. There was also a $98m impairment charge against the V fields and Viking late life assets arising from impairment reviews which were triggered by revisions to the decommissioning cost estimates.

3. Auditor's remuneration

	2012	2011
	$000	$000
Fees for the audit of the company	43	43

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 Britoil Limited'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.

4. Other operating income

	2012	2011
	$000	$000
Miscellaneous income	16,309	6,012
Royalty income	36,194	24,960
	52,503	30,972

BRITOIL LIMITED

NOTES TO THE ACCOUNTS

5. Exceptional items

Exceptional items comprise the profit on disposal of fixed assets as follows:

	2012	2011
	$000	$000
Profit on disposal of fixed assets	36,624	-

The Southern Gas Assets of Amethyst, Hyde and Ravenspurn North were disposed of during 2012 with ownership transferring on 1 November 2012. The above profit on disposal is associated with this transaction.

6. Interest payable and similar charges

	2012	2011
	$000	$000
Interest expense on:		
Loans from group undertakings	21,249	15,905
Other	142	114
	21,391	16,019
Capitalised at 2.25% (2011: 1.45%)	(14,152)	(4,218)
	7,239	11,801
Unwinding of discount on provisions – See note 17	7,504	14,774
	14,743	26,575

7. Interest receivable and similar income

	2012	2011
	$000	$000
Interest income from group undertakings	1	1
Other interest	37,350	11,070
	37,351	11,071

8. Taxation

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

Details of the corporation tax that has been provided in respect of the company's oil extraction activity in the UK and UK Continental Shelf are shown below.

In respect of the company's other activities, 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 tax that arises without charge.

8. Taxation (continued)

The tax charge is made up as follows:

	2012	2011
	$000	$000
Current tax		
UK corporation tax on income for the year	320,098	148,308
UK tax underprovided provided in prior years	307	23,561
Total current tax charged	320,405	171,869
Deferred tax		
Origination and reversal of timing differences	133,013	65,524
Adjustments in prior year timing differences	39,467	(23,876)
Effect of increased tax rate on opening liabilities	95,992	178,643
Total deferred tax charged	268,472	220,291
Tax charged on profit on ordinary activities	588,877	392,160

(a) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2011 – higher) 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
	$000	$000
Profit before taxation	683,249	359,767
Current taxation	320,405	171,869
Effective current tax rate	47%	48%

	2012	2011
	%	%
UK statutory corporation tax rate:	24	26
Increase / (decrease) resulting from:		
Fixed asset timing differences	(3)	(17)
Other timing differences	1	9
Non-deductible expenditure / non-taxable income	(1)	-
UK Supplementary tax on North Sea profits	25	22
Dividends not subject to UK tax	(4)	-
Ring Fence Tax rate differences	5	3
Adjustments to tax charge in respect of previous years	-	5
Effective current tax rate	47	48

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8. Taxation (continued)

(b) Provision for deferred tax

The deferred tax included in the balance sheet is as follows:

	2012	2011
	$000	$000
Accelerate capital allowances	1,576,313	1,327,770
Petroleum revenue tax	175,382	144,206
Decommissioning and other provisions	(518,585)	(507,338)
Provision for deferred tax	1,233,110	964,638

	2012
	$000
At 1 January 2012	964,638
Deferred tax charged in the profit and loss account	268,472
At 31 December 2012	1,233,110

9. Directors and employees

(a) Remuneration of directors

T W Garlick, D W Goodwill, J W Halliday, and D J Lynch are directors of BP Exploration Operating Company 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).

10. Intangible assets

	Exploration expenditure
	$000
Cost	
At 1 January 2012	192,771
Additions	1,768
At 31 December 2012	194,539
Amortisation	
At 1 January 2012 and 31 December 2012	2,851
Net book value	
At 31 December 2012	191,688
At 31 December 2011	189,920

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11. Tangible assets

	Oil and gas properties	Other assets	Total	Of which: AUC *
	$000	$000	$000	$000
Cost				
At 1 January 2012	7,568,037	41,825	7,609,862	752,586
Additions	1,087,887	-	1,087,887	552,356
Disposals	(355,589)	-	(355,589)	-
Transfers	-	-	-	(344,485)
At 31 December 2012	8,300,335	41,825	8,342,160	960,457
Depreciation and impairment				
At 1 January 2012	4,777,400	41,825	4,819,225	-
Charge for the year	559,254	-	559,254	-
Impairment	228,896	-	228,896	-
Disposals	(300,081)	-	(300,081)	-
At 31 December 2012	5,265,469	41,825	5,307,294	-
Net book value				
At 31 December 2012	3,034,866	-	3,034,866	960,457
At 31 December 2011	2,790,637	-	2,790,637	752,586

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

The impairment charge is mainly driven by revisions to the decommissioning estimates. $131m was charged for the Don and Thistle fields, these fields are already in the decommissioning phase of their lifecycle. There was also a $98m impairment charge against the V fields and Viking late life assets arising from impairment reviews.

Capitalised interest included above:

	Cost	Depreciation	Net book Amount
	$000	$000	$000
At 31 December 2012	198,571	136,709	61,862
At 31 December 2011 (Restated)	184,419	131,127	53,292

12. Investments

	Subsidiary shares
	$000
Cost	
At 1 January 2012 and 31 December 2012	1,434,000
Amounts provided	
At 1 January 2012 and 31 December 2012	-
Net book amount	
At 31 December 2012	1,434,000
At 31 December 2011	1,434,000

The investment in the subsidiary undertaking is unlisted.

Subsidiary undertakings	Class of share held	%	Country of Incorporation	Principal activity
Amoco (UK) Exploration Company LLC	Ordinary	100	USA	Exploration / Production

13. Stocks

	2012	2011
	$000	$000
Raw materials and consumables	17,999	23,730

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

14. Debtors

	2012 Within 1 year	2012 After 1 year	2011 Within 1 year	2011 After 1 year
	$000	$000	$000	$000
Trade debtors	171,270	-	207,786	-
Amounts owed by group undertakings	4,111,273	-	4,239,684	-
Prepayments and accrued income	4,088	-	42	-
Taxation	-	-	4,774	-
Petroleum revenue tax	25	349,707	281	250,934
Other debtors	116,598	131,375	261,289	89,739
	4,403,254	481,082	4,713,856	340,673

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15. Creditors

	2012 Within 1 year $000	2012 After 1 year $000	2011 Within 1 year $000	2011 After 1 year $000
Trade creditors	21,056	-	21,816	-
Amounts owed to group undertakings	2,359,245	1,100,863	3,388,203	1,101,725
Other creditors	448,290	-	4,434	-
Petroleum revenue tax	33,591	-	29,297	-
Corporation tax	103,803	-	-	-
Accruals and deferred income	178,280		217,528	
Bank overdraft	337	-	1,267	-
	3,144,602	1,100,863	3,662,545	1,101,725

16. Obligations under leases

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

	2012 Land & buildings $000	2012 Other $000	2011 Land & buildings $000	2011 Other $000
Operating leases which expire:				
Within 1 year	14	21,578	7	4,349
Between 2 to 5 years	-	107,549	23	116,181
After 5 years	155	-	827	-

17. Other provisions

	Decom-missioning $000	Petroleum revenue tax $000	Other $000	Total $000
At 1 January 2012	1,516,322	18,343	542	1,535,207
Charge for year	-	(7,962)	-	(7,962)
Increased provisions	356,304	-	768	357,072
Unwinding of discount	7,504	-	-	7,504
Exchange adjustment	54,113	-	-	54,113
Utilisation	(93,378)	-	-	(93,378)
Disposals	(91,315)	-	-	(91,315)
At 31 December 2012	1,749,550	10,381	1,310	1,761,241

17. Other provisions (continued)

	Decom-missioning $000	Petroleum revenue tax $000	Other $000	Total $000
At 31 December 2012				
Current	197,927	-	-	197,927
Non-current	1,551,623	10,381	1,310	1,563,314
	1,749,550	10,381	1,310	1,761,241
At 31 December 2011				
Non-current	1,516,322	18,343	542	1,535,207

The company makes full provision for the future cost of decommissioning oil and natural gas production facilities and related pipelines on a discounted basis on the installation of those facilities. At 31 December 2012, the provision for the costs of decommissioning these production facilities and pipelines at the end of their economic lives was $1,750 million (2011: $1,516 million). The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 0.5% (2011: 0.5%). These costs are expected to be incurred over the next 43 years. While the provision is based on the best estimate of future costs and the economic lives of the facilities and pipelines, there is uncertainty regarding both the amount and timing of incurring these costs.

18. Called up share capital

	2012 $000	2011 $000
Allotted, called up and fully paid:		
1,508,919,919 Ordinary shares of 10p each for a total nominal value of £150,891,992	289,898	289,898

19. Capital and reserves

	Called up share capital $000	Share premium account $000	Profit and loss account $000	Total $000
At 1 January 2012	289,898	133,109	1,805,699	2,228,706
Profit for the year	-	-	94,372	94,372
At 31 December 2012	289,898	133,109	1,900,071	2,323,078

20. Reconciliation of movements in shareholders' funds

	2012 $000	2011 $000
Profit / (loss) for the year	94,372	(32,393)
Shareholders' funds at 1 January	2,228,706	2,261,099
Shareholders' funds at 31 December	2,323,078	2,228,706

21. Capital commitments

Authorised and contracted future capital expenditure by the company for which contracts had been placed but not provided in the accounts at 31 December 2012 is estimated at $883 million (2011: $695 million).

22. 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 100% group companies. There were no other related party transactions in the year.

23. Pensions

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

24. Post balance sheet event

On 28 November 2012 BP announced its intention to sell its interests in the Harding, Maclure and Devenick assets to TAQA Bratani Limited. The Harding and Maclure asset deals completed on 31 May 2013 and the Devenick asset deal completed on 28 June 2013. The gain on these transactions as reported in the 30 June 2013 interim management accounts for Britoil Limited, was $578 million.

On 14 December 2012 BP announced its intention to sell its interests in the Sean assets to SSE E&P UK Limited. The deal completed on 12 April 2013. The gain on the transaction as reported in the 30 June 2013 interim management accounts for Britoil Limited, was $63 million.

On 19 June 2013, Britoil Limited issued 7,028,080,375 Ordinary Shares of £0.10 each at par value to BP Exploration Operating Company Limited.

25. Comparative figures

Certain prior year figures have been reclassified to conform with the 2012 presentation. This had no impact on the profit and loss for the year or net assets.

26. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP Exploration Operating Company 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.

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