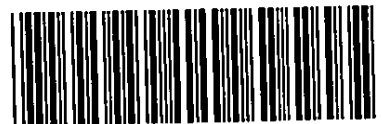


**British Pipeline Agency Limited
Annual Report and Accounts
2012**

(Registered No. 1228157)

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BRITISH PIPELINE AGENCY LIMITED
(Registered No. 1228157)

ANNUAL REPORT AND ACCOUNTS

2012

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BOARD OF DIRECTORS

Directors	N Emmett	(Chairman)
	P Dubenski	
	P M Davis	
	A Hampson	
	C Dibua	

Secretary	J Coyne
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Registered Office	5 – 7 Alexandra Road Hemel Hempstead HERTFORDSHIRE HP2 5BS
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Auditors	Ernst & Young LLP, 400 Capability Green, Luton LU1 3LU
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Bankers	National Westminster Bank PLC, 135 Bishopsgate, London EC2M 3UR
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ANNUAL REPORT AND ACCOUNTS 2012

CHAIRMAN'S STATEMENT

I am pleased to report another good year for the Company. Most financial targets for 2012 were met or exceeded and the Company recorded a pre-tax profit of £1,545,000. The Company continued to ensure a cost effective performance in its core UK pipeline operations and engineering business, and has achieved underlying growth in its consultancy business both in securing new contracts and repeat business.

The Company has once again been awarded the RoSPA Order of Distinction Award for Occupational Health and Safety. This represents seventeen years of consecutive Gold Award performances for BPA. This achievement is tangible recognition of the Company's continuing commitment to high standards in the promotion of its safety management system and in building a safety awareness culture in which the objective of continual improvement in safety performance is embedded.

These commendable achievements could not have resulted without the hard work and dedication of all staff, and I extend my grateful thanks and congratulations for their continuing efforts, professionalism and collective support during a successful year for the Company.



N Emmett
25 June 2013

BRITISH PIPELINE AGENCY LIMITED
(Registered No. 1228157)

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The company is engaged in the operation, management, engineering design and construction of pipelines and associated terminal facilities for the carriage and storage of petroleum and gas products

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

British Pipeline Agency Limited ("the Company") is the UK's leading provider of technical and operational solutions to the onshore oil and gas pipeline sector

The results for the company show a pre-tax profit of £1,545,000 (2011 £1,632,000) for the year and turnover of £27,908,000 (2011 £24,802,000)

The company has net assets of £1,138,000 (2011 £1,049,000)

FUTURE OUTLOOK

The oil and gas pipeline sector currently has a stable demand for operational and technical services in which the Company operate

The external commercial environment is expected to remain competitive in 2013 as demand for experienced engineers continues to grow

However we remain confident that we will maintain our current level of performance in the future

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks affecting the company are considered to relate to unauthorised encroachments by third parties to the buried oil and gas pipelines we operate and the recruitment of suitably experienced engineers

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using business level KPIs is not necessary for an understanding of the development, performance or position of the business

BRITISH PIPELINE AGENCY LIMITED
(Registered No 1228157)

RESULTS AND DIVIDENDS

The profit before taxation for the year ended 2012 was £1,545,000 (2011 £1,632,000)

Interim dividends of £4 30 per ordinary share, amounting to £1,075,000 in total, were paid during the year (2011 £3 80 interim dividend amounting to £950,000) No final dividend is recommended (2011 nil)

CHARITABLE DONATIONS

The company made charitable donations during the year of £1,044 (2011 £2,240)

DIRECTORS

Mr N Emmett, Mr P Dubenski, Mrs C Dibua and Mr P M Davis served as directors of the company throughout the financial year

Mrs A Hampson was appointed as director by the holders of the 'B' shares with effect from 1 May 2012 in place of Mrs T Kabalin who resigned from the Board with effect from 1 May 2012

GOING CONCERN

The Company's business activities, together with the factors likely to affect its' future performance, and its financial position, are described above

The Company has strong financial resources and the full support of its shareholders. As a consequence, the directors believe that the Company is well placed to successfully manage its business risks and meet its liabilities as they fall due

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis for preparing the annual report and accounts

BRITISH PIPELINE AGENCY LIMITED
(Registered No. 1228157)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Director's 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

POLICY AND PRACTICE WITH RESPECT TO PAYMENT OF SUPPLIERS

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company. 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 40 (2011: 31).

AUDITORS

Ernst & Young LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

BRITISH PIPELINE AGENCY LIMITED
(Registered No. 1228157)

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors, 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 auditors are 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 auditors are aware of that information

By the order of the Board



J Coyne
Secretary

Registered Office
5 – 7 Alexandra Road
Hemel Hempstead
HERTS HP2 5BS
25 June 2013

Independent auditors' report

to the members of British Pipeline Agency Limited

We have audited the financial statements of British Pipeline Agency Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 17. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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). Those standards require us to comply with the Auditing Practices Board's (APB'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 to identify material inconsistencies with the audited annual report and 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.

Independent auditors' report

to the members of British Pipeline Agency Limited (continued)

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



Fraser Bull (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

26 June 2013

BRITISH PIPELINE AGENCY LIMITED**Registered No 1228157****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Note</u>	<u>2012</u> £	<u>2011</u> £
Turnover	1	27,907,768	24,802,206
Materials and contractors' services		(10,801,946)	(7,814,230)
Employee costs	5	(6,171,612)	(5,545,972)
Depreciation on tangible fixed assets		(57,948)	(52,512)
Other direct operating costs		<u>(9,389,690)</u>	<u>(9,811,758)</u>
Operating profit		1,486,572	1,577,734
Other interest receivable and similar income		58,465	54,453
Profit on ordinary activities before taxation	2	<u>1,545,037</u>	<u>1,632,187</u>
Taxation on profit on ordinary activities	4	<u>(381,630)</u>	<u>(400,078)</u>
Profit for the year		<u>1,163,407</u>	<u>1,232,109</u>

There are no recognised gains or losses attributable to the shareholders of the company other than the profit for the year. All amounts arose from continuing operations.

The notes on pages 13 to 20 form part of these financial statements.

BRITISH PIPELINE AGENCY LIMITED**Registered No 1228157****BALANCE SHEET AS AT 31 DECEMBER 2012**

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		£	£
Fixed Assets			
Tangible assets	7	<u>174,168</u>	<u>126,610</u>
Current Assets			
Debtors	8	5,343,843	6,223,336
Cash at bank and in hand	3,15	<u>38,491,589</u>	<u>2,216,294</u>
		43,835,432	8,439,630
Creditors - amounts falling due within one year	9	<u>(42,872,018)</u>	<u>(7,517,065)</u>
Net current assets		<u>963,414</u>	<u>922,565</u>
Total assets less current liabilities		1,137,582	1,049,175
Net assets		<u><u>1,137,582</u></u>	<u><u>1,049,175</u></u>
Represented by			
Capital and reserves			
Called up share capital	12	250,000	250,000
Reserves	13	887,582	799,175
Shareholders' funds		<u><u>1,137,582</u></u>	<u><u>1,049,175</u></u>

The financial statements on pages 9 to 20 were approved by the Board of Directors on 25 June 2013 and were signed on its behalf by



N Emmett
Chairman

25 June 2013



C Dibua
Director

25 June 2013

BRITISH PIPELINE AGENCY LIMITED**Registered No 1228157****CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Note</u>	<u>2012</u> £	<u>2011</u> £
Net cash flow from operating activities	14	<u>37,733,910</u>	<u>(1,601,031)</u>
Returns on investment and servicing of finance			
Interest received		<u>58,465</u>	<u>54,453</u>
Taxation			
Corporation tax paid		<u>(336,574)</u>	<u>(342,129)</u>
Capital Expenditure			
Payments to acquire tangible fixed assets		<u>(105,506)</u>	<u>(68,081)</u>
Equity dividends paid		<u>(1,075,000)</u>	<u>(950,000)</u>
Net movement in cash	15	<u>36,275,295</u>	<u>(2,906,788)</u>
		<u>2012</u> £	<u>2011</u> £
Reconciliation of net cash			
Net cash at 1 January		2,216,294	5,123,082
Movement in net cash		36,275,295	(2,906,788)
Net cash at 31 December		<u>38,491,589</u>	<u>2,216,294</u>

BRITISH PIPELINE AGENCY LIMITED
Registered No 1228157

ACCOUNTING POLICIES

ACCOUNTING CONVENTION AND GOING CONCERN

The Financial Statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies are set out below.

DEPRECIATION

Tangible fixed assets are depreciated on the straight line method over their estimated useful lives.

The principal rates of depreciation are:

Furniture & Equipment 10% - 33%

PENSIONS

The Company is a contributor to the BP Pension Fund and also operates its own defined contribution scheme. Pension costs recorded in the financial statements represent contributions payable for each scheme.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profit and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Amounts relating to deferred taxation are undiscounted.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

LEASES

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

REVENUE ON SERVICE CONTRACTS

Revenue is recognised on service contracts where there is a right to consideration from the performance of services.

The amount by which recorded turnover is in excess of payments on account is classified within 'Amounts recoverable on contracts' and separately disclosed within debtors.

The balance of payments on account, in excess of amounts matched with turnover is classified as 'payments on account' and separately disclosed within creditors.

BRITISH PIPELINE AGENCY LIMITED**Registered No 1228157****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012****1 TURNOVER**

Turnover, which is stated net of value added tax, comprises the total value of fees and goods and services supplied to clients

Turnover is attributable to the continuing activity of the operation, management, design and construction of pipelines and associated facilities for the carriage and storage of petroleum products and gas

A geographical analysis of turnover is as follows

	<u>2012</u>	<u>2011</u>
	£	£
Europe		
United Kingdom	27,673,354	24,126,015
Other	53,378	89,805
Africa	23,473	33,436
Other Continents	157,563	552,950
	<u>27,907,768</u>	<u>24,802,206</u>

Turnover attributable to Related Parties during 2012 is £18,151,114 (2011 £14,574,585) comprising BP Group £8,058,171 (2011 £6,546,163) and Royal Dutch Shell Group £10,092,943 (2011 £8,028,422)

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before tax is stated after charging / (crediting)

	<u>2012</u>	<u>2011</u>
	£	£
Depreciation of owned assets	57,948	52,512
Rental charges under operating leases		
Land and buildings	113,748	122,558
Other operating leases	185,573	241,454
Auditors' remuneration		
Audit fees	17,500	21,000
Loss on foreign exchange transactions	<u>13</u>	<u>154</u>

Charges for services provided by Related Parties during 2012 are £135,916 (2011 £167,744) comprising BP Group £52,144 (2011 £82,046) and Royal Dutch Shell Group £83,772 (2011 £85,698)

3. RESTRICTED CASH

At December 31, 2012, the Company has £36,586,646 of restricted cash which is disclosed as cash. The restricted cash represents the amount held on behalf of the participant companies that the Company can only utilise on the Buncefield Rebuild Project. Accordingly there is a corresponding balance held in 'Payments received on account' reflecting the basis that this cash will be utilised on the project and is not available for any other use. This cash is held in the bank accounts of the Company and is currently invested in money market funds. Interest on these investments is also held on behalf of the participant companies.

BRITISH PIPELINE AGENCY LIMITED

Registered No. 1228157

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2012</u>	<u>2011</u>
	£	£
<u>United Kingdom Taxation</u>		
UK Corporation tax at 24.5% (2011: 26.5%)	381,477	400,935
Total current tax charge	<u>381,477</u>	<u>400,935</u>
<u>Deferred Tax</u>		
Total deferred tax credit (note 11)	153	(857)
Total tax charge	<u>381,630</u>	<u>400,078</u>

The tax assessed for the year differs from the standard rate of UK corporation tax 24.5% (2011: 26.5%). The differences are explained below:

	<u>2012</u>	<u>2011</u>
	£	£
Profit on ordinary activities before tax	1,545,037	1,632,187
Profit on ordinary activities multiplied by standard rate 24.5% (2011: 26.5%)	378,380	432,530
Effects of:		
Expenses not deductible for tax purposes	3,250	(32,452)
Accelerated capital allowances and other timing differences	(153)	857
Adjustment to tax charge in respect of previous period	-	-
	<u>381,477</u>	<u>400,935</u>

Impact of rate change

The Finance Bill 2012 included legislation to reduce the main rate of corporation tax to 23% from 1 April 2013. As this change was substantively enacted as at the balance sheet date, deferred tax has been restated accordingly in these financial statements.

As a result of the announcements in the Autumn Statement of 5 December 2012 and UK Budget of 20 March 2013, it is expected that the main rate of corporation tax will be reduced to 21% from 1 April 2014 and to 20% from 1 April 2015. As the additional reductions have not been substantively enacted as at the balance sheet date, they are not reflected in these financial statements.

The effect on the Company of the further proposed reductions in the UK main rate of corporation tax will be reflected in the Company's financial statements in future years, as appropriate, once the changes have been substantively enacted.

BRITISH PIPELINE AGENCY LIMITED**Registered No. 1228157****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)****5. DIRECTORS AND EMPLOYEES**

(a) Employee costs	<u>2012</u>	<u>2011</u>
	£	£
Wages and salaries	4,928,287	4,455,038
Social security costs	533,622	477,711
Other pension costs	709,703	613,223
	<u>6,171,612</u>	<u>5,545,972</u>
(b) Average number of employees during the year	<u>2012</u>	<u>2011</u>
	No	No
Corporate	17	17
Operations and engineering	101	90
	<u>118</u>	<u>107</u>

(c) Remuneration of directors

The directors of the company received £188,632 (2011 £177,435), made up of emoluments including pension contributions. The highest paid director received £143,486 (2011 £135,965) excluding pension contributions. £45,147 (2011 £41,470) was paid into the BP Pension Fund in respect of the highest paid director. The number of directors accruing benefits under defined benefit pension schemes was 1 (2011 1).

During 2012 £29,000 (2011 £27,600) was payable to BP Oil UK Ltd and £17,200 (2011 £16,400) was payable to Shell UK Ltd for the services of their appointed directors. These directors waived their fees in 2012.

BRITISH PIPELINE AGENCY LIMITED**Registered No 1228157****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

6. DIVIDENDS	<u>2012</u> £	<u>2011</u> £
Interim dividends paid £4 30 (2011 £3 80) per share	1,075,000	950,000
	<u>1,075,000</u>	<u>950,000</u>
 7. TANGIBLE ASSETS		
	<u>Furniture & Equipment</u> £	<u>Total</u> £
Cost		
At 1 January 2012	400,837	400,837
Additions	105,506	105,506
Disposals	<u>(85,121)</u>	<u>(85,121)</u>
At 31 December 2012	<u>421,222</u>	<u>421,222</u>
 Depreciation		
At 1 January 2012	274,227	274,227
Provided during the year	57,948	57,948
Disposals	<u>(85,121)</u>	<u>(85,121)</u>
At 31 December 2012	<u>247,054</u>	<u>247,054</u>
 Net Book Amount		
At 31 December 2012	<u>174,168</u>	<u>174,168</u>
At 31 December 2011	<u>126,610</u>	<u>126,610</u>

BRITISH PIPELINE AGENCY LIMITED**Registered No. 1228157****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)****8. DEBTORS**

	<u>2012</u>	<u>2011</u>
	£	£
Amounts Recoverable on Contracts		
BP Group Co's	340,478	235,713
Royal Dutch Shell Group Co's	979,417	1,007,152
Other Clients	1,088,146	1,559,248
Trade debtors BP Group Co's	197,281	75,707
Royal Dutch Shell Group Co's	631,110	767,915
Other Clients	951,292	1,565,467
Prepayments	1,042,474	985,036
Other debtors	98,259	11,559
Deferred tax asset	15,386	15,539
	<u>5,343,843</u>	<u>6,223,336</u>

9 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2012</u>	<u>2011</u>
	£	£
Payments received on account		
BP Group Co's	11,714,395	1,237,431
Royal Dutch Shell Group Co's	14,595,163	131,594
Other Clients	11,914,099	483,032
Trade creditors	2,644,195	1,776,390
Taxation and social security	95,612	106,239
Other creditors	167,653	288,708
Accruals and deferred income	1,497,224	3,294,897
Current corporation tax	243,677	198,774
	<u>42,872,018</u>	<u>7,517,065</u>

BRITISH PIPELINE AGENCY LIMITED**Registered No 1228157****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)****10 OPERATING LEASE COMMITMENTS**

At 31 December the company had annual commitments under non-cancellable operating leases as set out below

Expiring within	<u>2012</u>		<u>2011</u>	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
1 Year	9,460	22,166	9,344	10,212
2 to 5 years	85,000	164,152	85,000	170,725
	<u>94,460</u>	<u>186,318</u>	<u>94,344</u>	<u>180,937</u>

11. DEFERRED TAX ASSET

	<u>2012</u>	<u>2011</u>
	£	£
Accelerated capital allowances	<u>15,386</u>	<u>15,539</u>
Total deferred tax asset	<u>15,386</u>	<u>15,539</u>

As at 1 January 2012	15,539
Deferred tax credit in profit and loss account (note 4)	<u>(153)</u>
As at 31 December 2012	<u>15,386</u>

There are no amounts of unprovided deferred taxation

12 CALLED UP SHARE CAPITAL

	<u>2012</u>	<u>2011</u>
	£	£
Authorised, allotted and fully paid ordinary shares of £1 each		
125,000 'A' Shares held within the BP Group	125,000	125,000
125,000 'B' Shares held within the Royal Dutch Shell Group	125,000	125,000
	<u>250,000</u>	<u>250,000</u>

BRITISH PIPELINE AGENCY LIMITED**Registered No 1228157****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)****13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	<u>Share Capital</u>	<u>Reserves</u>	<u>Total</u>
	£	£	£
At 1 January 2011	250,000	517,066	767,066
Profit for the year	-	1,232,109	1,232,109
Dividend (see Note 6)	-	(950,000)	(950,000)
	<hr/>	<hr/>	<hr/>
At 1 January 2012	250,000	799,175	1,049,175
Profit for the year	-	1,163,407	1,163,407
Dividend (see Note 6)	-	(1,075,000)	(1,075,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	<u>250,000</u>	<u>887,582</u>	<u>1,137,582</u>

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<u>2012</u>	<u>2011</u>
	£	£
Operating profit	1,486,572	1,577,734
Depreciation	57,948	52,512
Net movement in debtors	879,340	(1,671,404)
Net movement in creditors	<u>35,310,050</u>	<u>(1,559,873)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>37,733,910</u>	<u>(1,601,031)</u>

15. ANALYSIS OF NET FUNDS

	<u>As at 1 Jan 2012</u>	<u>Cashflow</u>	<u>As at 31 Dec 2011</u>
	£	£	£
Cash in hand and at bank	<u>2,216,294</u>	<u>36,275,295</u>	<u>38,491,589</u>
	<u>2,216,294</u>	<u>36,275,295</u>	<u>38,491,589</u>

BRITISH PIPELINE AGENCY LIMITED

Registered No 1228157

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

16 PENSIONS

A minority of the Company's employees are members of the BP Group's principal UK pension plan (the BP Pension Fund). The BP Pension Fund is separately funded and provides benefits that are computed based on an employee's years of service and final pensionable salary. Contributions are made to the BP Pension Fund on the basis of advice from independent actuaries, using actuarial methods the objective of which is to provide adequate funds to meet pension obligations as they fall due, and are based on pension costs in respect of all members of the fund. Having regard to the overall position of the fund actuarial surpluses and deficiencies are amortised over the expected remaining service lives of members.

The company is unable to identify its share of the Fund's underlying assets and liabilities on a consistent and reasonable basis. Therefore the Company has taken advantage of the exemptions allowed by paragraph 9(b) of Financial Reporting Standard 17.

Details of the most recent actuarial valuation of The BP Pension Fund as at 31 December 2012 are included within the financial statements of the ultimate parent undertaking.

In 1992 the BP pension plan was closed to new BPA members.

Payments to the BP pension fund amounted to £411,112 (2011 £396,271).

The Company operates a defined contribution pension scheme. The pension cost for this defined contribution scheme, which represents contributions payable by the company, amounted to £298,591 (2011 £216,952).

The charge to profit for the year for pensions is £709,703 (2011 £613,223).

17. ULTIMATE PARENT UNDERTAKING

The Company is owned jointly by BP Oil UK Limited and Shell UK Limited, subsidiary undertakings within the BP Group and the Royal Dutch/Shell Group respectively. The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member and defined as a subsidiary undertaking under the definitions of the Companies Act 2006, is BP plc registered in England and Wales. Copies of the accounts of BP plc may be obtained from 1 St James's Square, London SW1Y 4PD.