

BRITANNIC TRADING LIMITED

(Registered No 00871912)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors

A H Haywood

C J Mendes

P J Reed

M J O'Sullivan



A2GUTPZL

A20

13/09/2013

#203

COMPANIES HOUSE

REPORT OF THE DIRECTORS

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

Results and dividends

The loss for the year after taxation was \$10,271,000 which, when deducted from the retained profit brought forward at 1 January 2012 of \$15,333,000, gives a total retained profit carried forward at 31 December 2012 of \$5,062,000

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

Britannic Trading Limited engages only in risk management and trading of "over the counter" paper trades with third parties

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

	2012	2011	Variance
	\$000	\$000	%
Net trading expense	(7,607)	(63,260)	88
Operating loss	(7,974)	(63,402)	87
(Loss) after taxation	(10,271)	(64,993)	84
Shareholders' funds	262,905	118,176	122

	2012	2011	Variance
	%	%	
Current assets as % of current liabilities (quick ratio)	272	298	(26)

Britannic Trading Limited is used as a hedging vehicle against physical length held by other BP entities. The losses occurred due to short paper positions held by Britannic Trading Limited during a period of rising crude and product prices and lack of volatility in the market leading to decreased trading opportunities

The positive variance in Shareholders' funds relates to a \$155m capital injection in September 2012 due to FCA requirements

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

BRITANNIC TRADING LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

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 Britannic Trading 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

Strategic and commercial risks

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

BRITANNIC TRADING LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Refining profitability can be volatile, with both periodic over-supply and supply tightness in various regional markets, coupled with fluctuations in demand. Sectors of the petrochemicals industry are also subject to fluctuations in supply and demand, with a consequent effect on prices and profitability.

Governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry including the risk of increased taxation, nationalisation and expropriation.

The global financial and economic situation may have a negative impact on third parties with whom the company does, or may do, business with. In particular, on-going instability in or a collapse of the Eurozone could trigger a new wave of financial crises and push the world back into recession, leading to lower demand and lower oil and gas prices.

Competition

The company's strategy depends upon continuous innovation in a highly competitive market.

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.

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

BRITANNIC TRADING LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

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. The company buys, sells and trades oil and gas products in certain regulated commodity markets. 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.

Ethical misconduct and non-compliance

The code of conduct, which applies to all employees, defines the company's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions the company expects of its businesses and people wherever it operates. The values are intended to guide the way the company and its employees behave and do business. Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to the company's reputation and shareholder value. Multiple events of non-compliance could call into question the integrity of the company's operations.

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.

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.

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 and credit 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

BRITANNIC TRADING LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

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

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.

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.

BRITANNIC TRADING LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

Commercial credit risk is measured and controlled to determine the company's total credit risk. Inability to determine adequately the company's credit exposure could lead to financial loss. A credit crisis affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to the company. It could also affect the company's ability to raise capital to fund growth and to meet its obligations.

Going concern

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

Directors

The present directors are listed on page 1.

J M Mies, P J Reed, A H Haywood, C J Mendes served as a director throughout the financial year.

Changes since 1 January 2013 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
J M Mies	-	1 February 2013
M J O'Sullivan	1 February 2013	-

Directors' indemnity

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

Policy and practice on payment of creditors

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

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

Auditor

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

BRITANNIC TRADING LIMITED

REPORT OF THE DIRECTORS

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

11 September 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BRITANNIC TRADING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these accounts, the directors are required to

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

BRITANNIC TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITANNIC TRADING LIMITED

We have audited the financial statements of Britannic Trading 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 14. 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 8, 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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

William Testa (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

12 September 2013

BRITANNIC TRADING LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of Britannic Trading Limited were approved for issue by the Board of Directors on 5 September 2013

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

Accounting convention

The accounts are prepared under the historical cost convention, except for certain financial instruments which are accounted for at fair value (see accounting policy on derivative financial instruments below)

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement.

Revenue recognition

Revenues associated with the sale of oil, natural gas liquids, liquefied natural gas, petroleum and chemical products, oil and natural gas forward sales/purchase contracts and sales/purchases of trading inventory are included on a net basis in net trading expense

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.

Derivative and other financial instruments

The company is exempt from the disclosure requirements of FRS 29. The company is included in the consolidated accounts of the ultimate parent undertaking, BP plc, which include the disclosures on a group basis that comply with this standard.

The company uses derivative financial instruments (derivatives) to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates, and to manage some of its margin exposure from changes in oil, natural gas and power prices.

All derivatives which are held for trading purposes and all oil price and natural gas price derivatives held for risk management purposes are held on the balance sheet at fair value ('marked to market') with changes in that value recognised in earnings for the year.

Interest rate swap agreements, options and futures contracts are used to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest expense over the period of the contracts.

BRITANNIC TRADING LIMITED

ACCOUNTING POLICIES

Interest

Interest costs are not capitalised and are charged in the profit and loss account in the year in which it is incurred

Interest income

Interest income is recognised on an accruals basis

Dividends payable

Final dividends are recorded in the accounts in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

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.

BRITANNIC TRADING LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2012

		<u>2012</u>	<u>2011</u>
	Note	\$000	\$000
Net trading expense	1	(7,607)	(63,260)
Administration expenses		<u>(367)</u>	<u>(142)</u>
Operating loss		(7,974)	(63,402)
Interest payable and similar charges	3	(2,480)	(1,835)
Interest receivable and similar income	4	<u>183</u>	<u>244</u>
Loss before taxation		(10,271)	(64,993)
Taxation	5	<u>-</u>	<u>-</u>
Loss for the year		<u>(10,271)</u>	<u>(64,993)</u>

The loss of \$10,271,000 for the year ended 31 December 2012 was derived in its entirety from continuing operations

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

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of \$10,271,000 for the year ended 31 December 2012 (2011 loss of \$64,993,000)

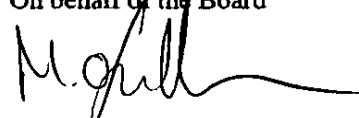
BRITANNIC TRADING LIMITED

(Registered No 00871912)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	<u>2012</u> \$000	<u>2011</u> \$000
Current assets			
Debtors: amounts falling due within one year	7	421,320	144,050
Derivatives and other financial instruments due within one year	9	18,955	28,579
Derivatives and other financial instruments due after one year	9	1,590	9,647
		<u>441,865</u>	<u>182,276</u>
Creditors: amounts falling due within one year	8	(107,316)	(15,305)
Derivatives and other financial instruments due within one year	9	(54,840)	(42,579)
Net current assets		<u>279,709</u>	<u>124,392</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>279,709</u>	<u>124,392</u>
Derivatives and other financial instruments due after one year	9	(16,804)	(6,216)
NET ASSETS		<u>262,905</u>	<u>118,176</u>
Represented by			
Capital and reserves			
Called up share capital	10	256,522	101,522
Share premium account	11	1,321	1,321
Profit and loss account	11	5,062	15,333
SHAREHOLDERS' FUNDS		<u>262,905</u>	<u>118,176</u>
EQUITY INTERESTS		<u>262,905</u>	<u>118,176</u>

On behalf of the Board



M J O'Sullivan
Director

11 September 2013

BRITANNIC TRADING LIMITED

NOTES TO THE ACCOUNTS

1. Net trading expense

Net trading expense, which is stated net of value added tax, arises from risk management and trading activities within the UK geographic area.

The country of origin and destination is substantially the UK geographic area

2. Auditor's remuneration

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Fees for the audit of the company	<u>20</u>	<u>44</u>

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of Britannic Trading Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis

3. Interest payable and similar charges

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Interest expense on: Loans from group undertakings	<u>2,480</u>	<u>1,835</u>

4. Interest receivable and similar income

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Interest income from group undertakings	<u>183</u>	<u>244</u>

5. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. No UK corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred UK tax that arises without charge

BRITANNIC TRADING LIMITED

NOTES TO THE ACCOUNTS

5. Taxation (continued)

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

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Loss before taxation	10,271	64,993
Current taxation	-	-
Effective current tax rate	0%	0%
	<u>2012</u>	<u>2011</u>
	%	%
UK statutory corporation tax rate	24	26
Decrease resulting from Free group relief	(24)	(26)
Effective current tax rate	<u>-</u>	<u>-</u>

6. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as directors of the company during the financial year (2011 \$Nil).

(b) Employee costs

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

(c) As a FCA regulated entity Britannic Trading Ltd is subject to the provisions of the FCA Remuneration Code. While the entity does not employ individuals directly, the Directors and other senior management employed by BP plc are registered as Approved Persons for BTL under the FCA Approved Person regime and are therefore subject to the Remuneration Code rules. For further information on how BTL complies with the Remuneration Code please contact the Company Secretary's Office.

Company Secretary's Office
BP plc
1 St James's Square
London
SW1Y 4PD

Switchboard +44 (0) 207 496 4000

BRITANNIC TRADING LIMITED**NOTES TO THE ACCOUNTS****7. Debtors**

	<u>2012</u>	<u>2011</u>
	Within	Within
	1 year	1 year
	\$000	\$000
Trade debtors	23,371	9,558
Amounts owed by group undertakings	397,929	134,492
Prepayments and accrued income	20	-
	<u>421,320</u>	<u>144,050</u>

8. Creditors

	<u>2012</u>	<u>2011</u>
	Within	Within
	1 year	1 year
	\$000	\$000
Trade creditors	29,720	15,267
Amounts owed to group undertakings	77,409	38
Accruals and deferred income	187	-
	<u>107,316</u>	<u>15,305</u>

9. Derivatives and other financial instruments

In the normal course of business the company enters into derivative financial instruments (derivatives), to manage its normal business exposures in relation to commodity prices, foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt consistent with risk management policies and objectives

Derivatives held for trading

The company maintains active trading positions in a variety of derivatives. The contracts may be entered into for risk management purposes, to satisfy supply requirements or for entrepreneurial trading. Certain contracts are classified as held for trading, regardless of their original business objective, and are recognised at fair value with changes in fair value recognised in the profit and loss account. Trading activities are undertaken by using a range of contract types in combination to create incremental gains by arbitraging process between markets, locations and time period. The net of these exposures is monitored using market value-at-risk techniques.

The fair values of derivative financial instruments at 31 December are set out below

	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	Fair value	Fair value	Fair value	Fair value
	asset	liability	asset	liability
	\$000	\$000	\$000	\$000
Derivatives held for trading				
- Oil price derivatives	20,545	(71,644)	38,226	(48,795)
Of which				
- current	18,955	(54,840)	28,579	(42,579)
- non-current	1,590	(16,804)	9,647	(6,216)
	<u>20,545</u>	<u>(71,644)</u>	<u>38,226</u>	<u>(48,795)</u>

BRITANNIC TRADING LIMITED

NOTES TO THE ACCOUNTS

10. Called up share capital

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Allotted, called up and fully paid.		
148,490,389 Ordinary shares of £1 each	<u>256,522</u>	<u>101,522</u>

Original issuance of 53,000,000 ordinary shares of £1 each (\$1 916) for a total nominal value of \$101,522,000 were issued at date of incorporation, 21/02/1966

On 25 September 2012, 95,490,389 ordinary shares of £1 each (\$1 623) for a total nominal value of \$155,000,000 were allotted to the immediate parent company at par value

11. Capital and reserves

	<u>Called up share capital</u>	<u>Share premium account</u>	<u>Profit and loss account</u>	<u>Total</u>
	\$000	\$000	\$000	\$000
At 1 January 2012	101,522	1,321	15,333	118,176
Issue of ordinary share capital	155,000	-	-	155,000
Loss for the year	-	-	(10,271)	(10,271)
At 31 December 2012	<u>256,522</u>	<u>1,321</u>	<u>5,062</u>	<u>262,905</u>

12. Reconciliation of movements in shareholders' funds

	<u>2012</u>	<u>2011</u>
	\$000	\$000
(Loss) for the year	(10,271)	(64,993)
Issue of ordinary share capital	155,000	-
Net increase in shareholders' funds	144,729	(64,993)
Shareholders' funds at 1 January	118,176	183,169
Shareholders' funds at 31 December	<u>262,905</u>	<u>118,176</u>

13. Related party transactions

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

14. Immediate and ultimate parent undertaking

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