BP PROPERTIES LIMITED
(Registered No 00699446)

(8)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors R C Harrington
D J Bucknall

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 £2,661,000 which, when added to the retained profit brought forward at 1 January 2012 of £14,494,000, gives a total retained profit carried forward at 31 December 2012 of £17,155,000

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

The company owns and leases office accommodation in the United Kingdom which is primarily occupied by fellow subsidiary undertakings

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

	2012	2011	Variance
	£000	£000	%
Turnover	3,690	5,024	(27)
Operating profit	3,267	4,954	(34)
Profit after taxation	2,661	22,141	(88)
Shareholders' funds	60,155	57,494	5

	2012	2011	Variance
	%	%	
Quick ratio*	5,815	5,420	395

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

Turnover decreased during the year as one of the operating leases has been transferred to a fellow subsidiary The significant decrease in profit after tax is primarily due to an exceptional one-off gain on liquidation of the company's subsidiary recognised in 2011

BP PROPERTIES LIMITED

REPORT OF THE DIRECTORS

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 compliance and control, financial risk management and property market risk 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 BP Properties 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)

Compliance and control risks

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

Financial risk management

The main financial risks faced by the company through its normal business activities are 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 level of liquidity and financial capacity This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss

Interest rate risk
The company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally finance debt

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

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

Principal risks and uncertainties (continued)

Property market risk

Property market risks associated with the company include dilapidation risks and other contract specific risks Dilapidation risks relate to the amount of work required and costs associated with returning properties to their original physical state at the end of the lease term Other contract specific risks relate to whether leases will be extended or "break clauses" exercised during the life of the property The company seeks to plan for various eventualities in this respect

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years They believe that the company is in a good position to take advantage of any opportunities which may arise in the future

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

Directors

The present directors are listed on page 1

R C Harrington served as a director throughout the financial year Changes since 1 January 2012 are as follows

	Appointed	Resigned
D Sanyal	-	1 January 2012
D J Bucknall	1 January 2012	-

Directors' indemnity

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

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

BP PROPERTIES 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

24 September 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP PROPERTIES 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

BP PROPERTIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP PROPERTIES LIMITED

We have audited the financial statements of BP Properties 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 20 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 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Ernst & Young LLP

William Testa (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
24 September 2013

BP PROPERTIES LIMITED

ACCOUNTING POLICIES

Accounting standards

The fınancıal statements of BP Propertıes Lımıted were approved for ıssue by the Board of Dırectors on 17 September 2013

These accounts are prepared on a goıng concern basıs and ın accordance wıth the Companıes Act 2006 and applıcable UK accountıng standards

Accounting convention

The accounts are prepared under the hıstorıcal cost conventıon

Statement of cash flows

The group accounts of the ultımate parent undertakıng contaın a consolıdated cash flow statement The company has taken advantage of the exemptıon granted by the Fınancıal Reportıng Standard No 1 (Revısed), whereby ıt ıs not requıred to publısh ıts own cash flow statement

Revenue recognition

Revenue arısıng from rental of propertıes ıs recognısed on straıght lıne basıs ın accordance wıth the relevant agreements

Foreign currency transactions

Foreıgn currency transactıons are ınıtıally recorded ın sterlıng by applyıng the exchange rate rulıng on the date of transactıon Foreıgn currency monetary assets and lıabılıtıes are translated ınto sterlıng at the rate of exchange rulıng at the balance sheet date Exchange dıfferences are ıncluded ın the profıt and loss account

Capitalisation of finance costs and interest

Interest costs are not capıtalısed and are charged ın the profıt and loss account ın the year ın whıch they are ıncurred

Interest income

Interest ıncome ıs recognısed on an accruals basıs

Tangible fixed assets

Tangıble fıxed assets are stated at cost, less accumulated depreciatıon and accumulated ımpaırment losses

The ınıtıal cost of an asset comprıses ıts purchase prıce or constructıon cost, any costs dırectly attrıbutable to brıngıng the asset ınto operatıon, the ınıtıal estımate of any decommıssıonıng oblıgatıon, ıf any, and, for qualıfyıng assets, borrowıng costs The purchase prıce or constructıon cost ıs the aggregate amount paıd and the faır value of any other consıderatıon gıven to acquıre the asset The capıtalısed value of a fınance lease ıs also ıncluded wıthın tangıble fıxed assets

Tangıble assets, wıth the exceptıon of freehold land and assets under constructıon, are deprecıated on the straıght lıne method over theır estımated useful lıves

Maintenance expenditure

Maintenance costs are expensed as incurred

Impairment of 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

Debtors

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

Creditors

Creditors are carried at payment or settlement amounts If the effect of the time value of money is material, creditors are determined by discounting the expected future cash flows at a pre-tax rate

BP PROPERTIES LIMITED

ACCOUNTING POLICIES

Leases

Assets held under leases which transfer to the company substantially all risks and rewards incidental to ownership of the leased item are classified as finance leases, and are capitalised at inception of the lease at the fair value of the leased property or, if lower, at the estimated present value of the minimum lease payments Lease payments are apportioned between the finance charges and the reduction of the lease liability The total finance charge is charged over the lease term so as to achieve a constant rate of interest on the remaining balance of the liability

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term

All other lease arrangements are classified as operating leases Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term

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

BP PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £000	2011 £000
Turnover	**1**	3,690	5,024
Administration expenses		(3,420)	(2,047)
Other operating income	**4**	2,997	1,977
Operating profit	**2**	3,267	4,954
Gain on liquidation	**5**	-	17,839
Profit on disposal of fixed asset		111	382
Profit on ordinary activities before interest and taxation		3,378	23,175
Interest payable and similar charges	**6**	(995)	(1,121)
Interest receivable and similar income	**7**	278	87
Profit before taxation		2,661	22,141
Taxation	**8**	-	-
Profit for the year		2,661	22,141

The profit of £2,661,000 for the year ended 31 December 2012 was derived in its entirety from continuing operations

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

There are no recognised gains or losses attributable to the shareholders of the company other than the profit for the year ended 31 December 2012

BP PROPERTIES LIMITED
(Registered No 00699446)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	**10**	300	300
Current assets			
Debtors – amounts falling due	**11**		
Within one year		61,228	58,643
After one year		747	860
Creditors: amounts falling due within one year	**12**	(1,053)	(1,082)
Net current assets		60,922	58,421
TOTAL ASSETS LESS CURRENT LIABILITIES		61,222	58,721
Creditor: amount falling due after more than one year	**12**	(1,067)	(1,227)
NET ASSETS		60,155	57,494
Represented by			
Capital and reserves			
Called up share capital	**14**	43,000	43,000
Profit and loss account	**15**	17,155	14,494
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		60,155	57,494

On behalf of the Board

R C Harrington
Director
24 September 2013

BP PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, represents rental income from a third party and a group company

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

2. Operating profit

This is stated after charging / (crediting)

	2012	2011
	£000	£000
Hire charges under operating leases		
Land & buildings	3,352	4,311
Currency exchange losses/(gains)	6	(2)
Reversal of accrual	-	(4,550)
Depreciation of assets held under finance leases	-	30

3. Auditor's remuneration

	2012	2011
	£000	£000
Fees for the audit of the company	8	8

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

4. Other operating income

	2012	2011
	£000	£000
Insurance and guarantee fee	1,039	1,053
Miscellaneous income	1,958	924
	2,997	1,977

5. Gain on liquidation

	2012	2011
	£000	£000
Gain on liquidation	-	17,839

In 2011 the company's subsidiary, Lilac Properties Limited was liquidated, all its distributable reserves paid up to BP Properties Limited and its share capital was cancelled, resulting in a net profit on liquidation of £17,839,000

6. Interest payable and similar charges

	2012	2011
	£000	£000
Interest expense on		
Loan from group undertaking	995	1,121

7. Interest receivable and similar income

	2012	2011
	£000	£000
Interest income from group undertaking	278	86
Other interest	-	1
	278	87

8. Taxation

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

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

	2012	2011
	£000	£000
Profit before taxation	2,661	22,141
Current taxation	-	-
Effective current tax rate	0%	0%

	2012	2011
	%	%
UK statutory corporation tax rate	24	26
Decrease resulting from		
Fixed asset timing differences	(10)	(2)
Non-deductible expenditure / non-taxable income	-	(21)
Free group relief	(14)	(3)
Effective current tax rate	-	-

9. 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)

10. Tangible assets

	Land & buildings
Cost	£000
At 1 January 2012 and at 31 December 2012	761
Depreciation	
At 1 January 2012 and at 31 December 2012	461
Net book value	
At 31 December 2012 and at 31 December 2011	300
Principal rates of depreciation	0%-4%

The net book value of land and buildings comprises

	2012	2011
	£000	£000
Freehold	300	300

11. Debtors

	2012 Within 1 year £000	2012 After 1 year £000	2011 Within 1 year £000	2011 After 1 year £000
Trade debtors	48	-	49	-
Amounts owed by group undertakings	61,031	747	57,913	860
Other debtors	143	-	666	-
Prepayments and accrued income	6	-	15	-
	61,228	747	58,643	860

BP PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

12. Creditors

	2012 Within 1 year £000	2012 After 1 year £000	2011 Within 1 year £000	2011 After 1 year £000
Amount owed to group undertaking	461	-	346	-
Other creditors	444	-	465	-
Accruals and deferred income	148	1,067	271	1,227
	1,053	1,067	1,082	1,227

13. Obligations under leases

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

	2012 Land & buildings £000	2011 Land & buildings £000
Operating leases which expire		
Within 1 year	-	715
Between 2 to 5 years	-	-
Thereafter	3,568	2,853

14. Called up share capital

	2012 £000	2011 £000
Allotted, called up and fully paid		
43,000,100 Ordinary shares of £1 each for a total nominal value of £43,000,100	43,000	43,000

15. Capital and reserves

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2012	43,000	14,494	57,494
Profit for the year	-	2,661	2,661
At 31 December 2012	43,000	17,155	60,155

16. Reconciliation of movements in shareholders' funds

	2012	2011
	£000	£000
Profit for the year	2,661	22,141
Net increase in shareholders' funds	2,661	22,141
Shareholders' funds at 1 January	57,494	35,353
Shareholders' funds at 31 December	60,155	57,494

17. 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

18. Pensions

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

19. Comparative figures

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

20. Immediate and ultimate controlling parent undertaking

The immediate and ultimate controlling parent undertaking is BP p l c , a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of the consolidated financial statements of BP p l c can be obtained from 1 St James's Square, London, SW1Y 4PD