BP (GIBRALTAR) LIMITED
(Registered No 00554057)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors
J J Carey
D C Goosey
R C Harrington
B M Puffer

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 £407,653 which, when added to the retained profit brought forward at 1 January 2012 of £357,819 gives a total retained profit carried forward at 31 December 2012 of £765,472

The company has not declared any dividends during the year (2011 £nil) The directors do not propose the payment of a dividend

Principal activity and review of the business

The company is engaged in the purchasing and selling of petroleum products

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

	2012	2011	Variance
	£	£	%
Turnover	6,806,995	5,797,470	17
Profit on ordinary activities before interest and taxation	410,632	319,612	28
Profit after taxation	407,653	309,801	32
Shareholders' funds	765,572	357,919	114

	2012	2011	Variance
	%	%	
Quick ratio*	160	95	68

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

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

BP (GIBRALTAR) LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Company level risks have been categorised against the following areas strategic and commercial; compliance and control, and financial risk management In addition, we have also set out a further category of risk for your attention – those resulting from the 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 (Gibraltar) 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

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Prices and markets (continued)
Periods of global recession could impact the demand for the company's products, the prices at which they can be sold and affect the viability of the markets in which the company operates

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

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

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

Principal risks and uncertainties (continued)

Financial risk management (continued)

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. BP'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

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

Directors R C Harrington, J J Carey and B M Puffer served as directors throughout the financial year Changes since 1 January 2012 are as follows

	Appointed	Resigned
L Tedesco		31 October 2012
D C Goosey	1 November 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

BP (GIBRALTAR) LIMITED

REPORT OF THE DIRECTORS

Auditor

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

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

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

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

15 August 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP (GIBRALTAR) 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 (GIBRALTAR) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP (GIBRALTAR) LIMITED

We have audited the financial statements of BP (Gibraltar) 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 15 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
16 August 2013

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP (Gibraltar) Limited were approved for issue by the Board of Directors on 10 August 2013

These accounts are prepared in accordance with the Companies Act 2006 and applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention

Statement of cash flows

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

Revenue recognition

Revenue associated with the sale of petroleum and chemical products is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business net of discounts, customs duties and sales taxes

Foreign currency transactions

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

Stock valuation

Stocks are valued at cost to the company, using the first-in first-out method or net realisable value, whichever is the lower Stores are valued at cost to the company mainly using the average method or net realisable value, whichever is the lower

Other debtors

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

Other creditors

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

BP (GIBRALTAR) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		£	£
Turnover	1	6,806,995	5,797,470
Cost of sales		(5,987,173)	(5,121,106)
Gross profit		819,822	676,364
Administration expenses		(409,190)	(356,752)
Profit on ordinary activities before interest and taxation	2	410,632	319,612
Interest payable and similar charges	4	(2,979)	(9 811)
Profit before taxation		407,653	309,801
Taxation	5	-	-
Profit for the year		407,653	309,801

The profit of £407,653 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 of £407,653 for the year ended 31 December 2012 (2011 profit of £309,801)

BP (GIBRALTAR) LIMITED
(Registered No 00554057)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012	2011
		£	£
Current assets			
Stocks	**7**	307,966	404,087
Debtors	**8**	1,218,706	894,420
		1,526,672	1,298,507
Creditors: amounts falling due within one year	**9**	(761,100)	(940,588)
Net current assets		765,572	357 919
TOTAL ASSETS LESS CURRENT LIABILITIES		765,572	357,919
NET ASSETS		765,572	357,919
Represented by			
Capital and reserves			
Called up share capital	**10**	100	100
Profit and loss account	**11**	765,472	357,819
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		765 572	357,919

On behalf of the Board

Brian Puffer
Director

15 August 2013

BP (GIBRALTAR) LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, customs duties and sales taxes represents amounts invoiced to group companies

Turnover is attributable to one continuing activity, the purchasing and selling of petroleum products Revenue is generated in Gibraltar

2. Profit on ordinary activities before interest and taxation

This is stated after charging / (crediting)

	2012	2011
	£	£
Currency exchange losses and (gains)	39,519	(3,013)

3. Auditor's remuneration

	2012	2011
	£	£
Fees for the audit of the company	7 381	7,820

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

4. Interest payable and similar charges

	2012	2011
	£	£
Interest expense on loans from group undertakings	2,979	9,811

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

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
	£	£
Profit before taxation	407,653	309,801
Current taxation	-	-
Effective current tax rate	0%	0%

	2012	2011
	%	%
UK statutory corporation tax rate	24	26
Decrease resulting from		
Free group relief	(24)	(26)
Effective current tax rate	-	-

6. Directors and employees

(a) Remuneration of directors

J J Carey, D C Goosey and L Tedesco are directors of BP Marine Limited in whose accounts information required by the Companies Act 2006 as regards to emoluments is given The remaining directors are senior executives of the BP Plc Group and received no remuneration for services to this company

(b) Employee costs

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

7. Stocks

	2012	2011
	£	£
Finished goods and goods for resale	307 966	404,087

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

BP (GIBRALTAR) LIMITED

NOTES TO THE ACCOUNTS

8. Debtors

	2012 Within 1 year £	2011 Within 1 year £
Amounts owed by group undertakings	1,218,706	884 737
Other debtors	-	9,683
	1,218,706	894,420

9. Creditors

	2012 Within 1 year £	2011 Within 1 year £
Amounts owed to group undertakings	703,535	908,266
Other creditors	57,565	32,322
	761,100	940,588

10. Called up share capital

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

11. Capital and reserves

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2012	100	357,819	357,919
Profit for the year	-	407,653	407,653
At 31 December 2012	100	765,472	765,572

12. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the year	407,653	309,801
Net increase in shareholders' funds	407,653	309,801
Shareholders' funds at 1 January	357,919	48,118
Shareholders' funds at 31 December	765,572	357,919

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. Pensions

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

15. Immediate and ultimate controlling parent undertaking

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