

BP CAPITAL MARKETS P.L.C
(Registered No 01290444)

ANNUAL REPORT AND ACCOUNTS 2013

Board of Directors	N M H Bamfield
	D J Bucknall
	B Gilvary
	R C Harrington

The directors present the strategic report, their report and the accounts for the year ended 31 December 2013

STRATEGIC REPORT

Results

The loss for the year after taxation was \$1 million which, when added to the retained deficit brought forward at 1 January 2013 of \$164 million gives a total retained deficit carried forward at 31 December 2013 of \$165 million

Principal activity and review of the business

The company acts as a finance company issuing debt security and commercial paper. The development of the company is largely determined by the financing requirements of BP group companies in the UK and abroad.

To meet the additional cash funding requirements of the group, BP Capital Markets plc has issued in the year new bonds with a total nominal value of \$8.6 billion, whilst existing bonds reaching maturity have been repaid with a total nominal value of \$5.6 billion. There has been a net repayment of commercial paper in the year with a nominal value of \$2.0 billion. Foreign exchange gain for the year on bonds is \$0.05 billion and amortisation of deferred fees and discounts related to the bonds was \$0.02 billion. These events have increased the total debt balance to \$42.7 billion.

Net loss before tax for the year was \$1 million, compared with a profit of \$2 million a year ago, due mainly to interest expense on Commercial Paper ("CP") being higher than the deposit rate on the IFA with BP International Limited where BP Capital Markets have deposited the funds and received interest income.

No key financial and other performance indicators have been identified for this company.



BP CAPITAL MARKETS P.L.C

STRATEGIC REPORT

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 and financial risk management. In addition, we have set out one separate risk for your attention – the risk resulting from the 2010 Gulf of Mexico oil spill.

Gulf of Mexico oil spill

The Gulf of Mexico oil spill (the Incident) 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 Capital Markets plc.

There is significant uncertainty regarding the extent and timing of the remaining costs and liabilities relating to 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, fines and penalties that become payable by the BP group (including as a result of 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.

These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause BP group's costs to increase materially. 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, and subsequently the company, 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 2013.

Compliance and control risks

Ethical misconduct and non-compliance

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.

BP CAPITAL MARKETS P L C

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

Liabilities and provisions

The BP group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Incident, together with the potential cost and burdens of implementing remedies sought in the various proceedings 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 2013.

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.

Treasury and trading activities

In the normal course of business, the company is subject to operational risk around its treasury and trading activities. Control of these activities is highly dependent on the company's ability to process, manage and monitor a large number of complex transactions across many markets and currencies. Shortcomings or failures in the company's systems, risk management methodology, internal control processes or people could lead to disruption of its business, financial loss, regulatory intervention or damage to its reputation.

Financial risk management

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

BP CAPITAL MARKETS P.L.C

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Financial risk management (continued)

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.

All long-term fixed rate borrowings are offset by deposits with BP International Limited, a fellow subsidiary of the parent undertaking, on matching terms which reduces any material fair value interest rate risk on these items

Funds raised from short-term borrowing, which comprise commercial paper, are placed on deposit with BP International Limited. These deposits earn interest at various floating rates which are set with respect to LIBOR

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. This risk is managed by the BP group on the company's behalf and as such the company has access to the resources of the group. The group has long-term debt ratings of A (positive outlook) from Standard & Poor's, and A2 (stable outlook) from Moody's Investor Services, both remaining unchanged during 2013

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

23 April 2014

Registered Office

Chertsey Road
Sunbury on Thames
TW16 7BP
United Kingdom

BP CAPITAL MARKETS P.L.C

DIRECTORS REPORT

Directors

The present directors are listed on page 1

There have been no director appointments or resignations since 1 January 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. Such qualifying third party indemnity provisions for the benefit of company's directors remain in force at the date of this report.

Dividends

The company has not declared any dividends during the year (2012: \$nil). The directors do not propose the payment of a dividend.

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 16) of the Large and Medium Companies and Group Regulations 2008 in the strategic report under Financial risk management.

Future developments

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.

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 CAPITAL MARKETS P.L.C

DIRECTORS REPORT

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

23 April 2014

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

BP CAPITAL MARKETS P L.C

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Strategic Report, 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 CAPITAL MARKETS P L C

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF **BP CAPITAL MARKETS P.L.C**

We have audited the financial statements of BP Capital Markets p l c for the year ended 31 December 2013 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 7, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 Strategic Report and 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

Paul Wallek (Senior Statutory Auditor)

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

London

25 April 2014

BP CAPITAL MARKETS P.L.C
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

		<u>2013</u>	<u>2012</u>
	Note	\$m	\$m
Interest payable and similar charges	3	(1,394)	(1,338)
Interest receivable and similar income	4	1,393	1 340
(Loss) / profit before taxation		<u>(1)</u>	<u>2</u>
Taxation	5	<u>-</u>	<u>-</u>
(Loss) / profit for the year		<u>(1)</u>	<u>2</u>

The loss of \$1 million for the year ended 31 December 2013 was derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

There are no recognised gains or losses attributable to the shareholders of the company other than the loss for the year

BP CAPITAL MARKETS P.L.C

(Registered No 01290444)

BALANCE SHEET AT 31 DECEMBER 2013

	Note	<u>2013</u> \$m	<u>2012</u> \$m
Current Assets			
Debtors – amount falling due within one year	7	7,098	9,243
after one year	7	36,839	33,860
Creditors: amounts falling due within one year	8	<u>(6,926)</u>	<u>(9,553)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,011	33,550
Creditors: amounts falling due after more than one year	8	<u>(36,275)</u>	<u>(32,813)</u>
NET ASSETS		<u>736</u>	<u>737</u>
Represented by			
Capital and reserves			
Called up share capital	10	678	678
Share premium account	11	223	223
Profit and loss account	11	<u>(165)</u>	<u>(164)</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>736</u>	<u>737</u>

The financial statements of BP Capital Markets p l c were approved for issue by the Board of Directors on 17 April 2014 and were signed on its behalf by



Nicholas Bamfield
Director

23 April 2014

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2013**

1. Accounting Policies

Accounting standards

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

The principal accounting policies are set out below and have been applied consistently throughout the year

Accounting convention

The accounts are prepared under the historical cost convention

Cash flow statement and related party disclosures

The group accounts of the ultimate parent undertaking, which are publicly available, contain a consolidated cash flow statement. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash Flow Statements" (Revised 1996). The company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are wholly-owned members of the BP group.

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.

Financial instruments

Financial assets are measured initially and subsequently at amortised cost. Financial liabilities are measured initially at the amount of the net proceeds. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Interest Expense

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.

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (continued)

Debtors

Debtors are carried at the original 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, other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

2. Auditor's remuneration

	<u>2013</u>	<u>2012</u>
	\$000	\$000
Fees for the audit of the company	<u>13</u>	<u>13</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 BP Capital Markets plc's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis.

3. Interest payable and similar charges

	<u>2013</u>	<u>2012</u>
	\$m	\$m
Interest expense on loans	1 311	1 258
Guarantee fees	<u>83</u>	<u>80</u>
	<u>1 394</u>	<u>1,338</u>

4. Interest receivable and similar income

	<u>2013</u>	<u>2012</u>
	\$m	\$m
Interest income from group undertakings	<u>1 393</u>	<u>1,340</u>

The sole class of business of the company during the year was issuing debt security and commercial paper. These debt proceeds are deposited with BP International Ltd whereby the company generates interest receivable. The geographical segment from which the company's income is generated is the United Kingdom.

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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.

	<u>2013</u>	<u>2012</u>
	\$m	\$m
(Loss) / profit before taxation	(1)	2
Current taxation	-	-
Effective current tax rate	0%	0%
	<u>2013</u>	<u>2012</u>
	%	%
UK statutory corporation tax rate	23	24
Decrease resulting from		
Free group relief	(23)	(24)
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 a director of the company during the financial year (2012: \$Nil).

(b) Employee costs

The company had no employees during the year (2012: Nil).

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

7. Debtors

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	Within	After	Within	After
	1 year	1 year	1 year	1 year
	\$m	\$m	\$m	\$m
Amounts owed by group undertakings	<u>7,098</u>	<u>36,839</u>	<u>9,243</u>	<u>33,860</u>

8. Creditors

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	Within	After	Within	After
	1 year	1 year	1 year	1 year
	\$m	\$m	\$m	\$m
Accruals and deferred income	531	-	451	-
Financial liabilities	<u>6,395</u>	<u>36,275</u>	<u>9,102</u>	<u>32,813</u>
	<u>6,926</u>	<u>36,275</u>	<u>9,553</u>	<u>32,813</u>

(i) Analysis of financial liabilities by year of repayment:

	<u>2013</u>	<u>2012</u>
	\$m	\$m
Amount repayable		
Within 1 year or on demand	6,395	9,102
Between 1 and 2 years	6,121	5,296
Between 2 and 5 years	16,400	16,160
Thereafter	<u>13,754</u>	<u>11,357</u>
Total	<u>42,670</u>	<u>41,915</u>

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9. Derivatives and other financial instruments

The main financial risks faced by the company are detailed in the Strategic Report

The interest rate and currency profile of the financial liabilities, at 31 December is set out below:

	2013			2012		
	Weighted average interest rate	Fixed rate Weighted average time rate fixed	Amount \$m	Weighted average interest rate	Fixed rate Weighted average time rate fixed	Amount \$m
	%	Years		%	Years	
Sterling	4	3	2,062	4	4	2,014
US dollar	3	5	24,532	3	4	23,476
Other currencies	3	4	11,760	3	4	10,876
			<u>38,354</u>			<u>36,366</u>

	2013		2012	
	Floating rate Weighted average interest rate	Amount \$m	Floating rate Weighted average interest rate	Amount \$m
	%		%	
Sterling	0	41	3	5
US dollar	1	4,102	1	4,848
Other currencies	0	173	1	696
		<u>4,316</u>		<u>5,549</u>
Total		<u>42,670</u>		<u>41,915</u>

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9. Derivatives and other financial instruments (continued)

Interest rate and currency of financial assets:

The interest rate and currency profiles of the financial assets of the company are as follows

	2013			2012		
	Weighted average interest rate %	Fixed rate Weighted average time rate fixed Years	Amount \$m	Weighted average interest rate %	Fixed rate Weighted average time rate fixed Years	Amount \$m
Sterling	4	3	2,066	4	4	2,019
US dollar	3	5	24,599	3	4	23,525
Other currencies	3	4	11,782	3	4	10,899
			<u>38,447</u>			<u>36,443</u>

	2013			2012		
		Floating rate Weighted average interest rate %	Amount \$m		Floating rate Weighted average interest rate %	Amount \$m
Sterling		0	41		0	3
US dollar		1	5,101		1	5,795
Other currencies		0	348		0	862
			<u>5,490</u>			<u>6,660</u>
Total			<u>43,937</u>			<u>43,103</u>

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9. Derivatives and other financial instruments (continued)

Fair value of financial assets and liabilities

The estimated fair value of the financial instruments is shown in the table below. The table also shows the "net carrying amount" of the financial assets and liabilities. This amount represents the net book value.

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

			2013	
	Fair value asset	Net carrying amount	Fair value liability	Net carrying amount
	\$m	\$m	\$m	\$m
Primary financial instruments				
Current assets				
Debtors – amounts falling due within one year and after one year	45,061	43,937		
Financial liabilities				
Borrowings – amounts falling due within one year and after one year			(43,794)	(42,670)

			2012	
	Fair value asset	Net carrying amount	Fair value liability	Net carrying amount
	\$m	\$m	\$m	\$m
Primary financial instruments				
Current assets				
Debtors – amounts falling due within one year and after one year	45,512	43,103		
Financial liabilities				
Borrowings – amounts falling due within one year and after one year			(44,324)	(41,915)

The following methods and assumptions were used to estimate the above fair value disclosures.

Current assets – The carrying amounts of the company's current assets comprise deposits with BP International Limited and current accounts in various currencies. The fair value of fixed rate current assets carried at amortised cost are estimated based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity. For current assets that are liquid or having short term maturity (less than one year) it is assumed that the carrying amounts approximate to their fair value.

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9. Derivatives and other financial instruments (continued)

The group assesses at each balance sheet date whether a financial asset or a group of financial assets are impaired

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the assets is reduced, with the amount of the loss recognised in the profit and loss.

Financial liabilities – The carrying amount of the company's short term borrowings, which comprise commercial paper, approximates their fair value. The fair value of the company's long term borrowings is estimated using quoted prices or, where these are not available, discounted cash flow analysis, based on the company's current incremental borrowing rates for similar types and maturities of borrowings.

10. Called up share capital

	<u>2013</u>	<u>2012</u>
	\$m	\$m
Allotted, called up and fully paid		
99,999,990 Ordinary shares of £1 each for a total nominal value of £99,999,990	178	178
500,000,000 Ordinary shares of \$1 each for a total nominal value of \$500,000,000	500	500
	<u>678</u>	<u>678</u>

11. Capital and reserves

	Called up share capital	Share premium account	Profit and loss account	Total
	\$m	\$m	\$m	\$m
At 1 January 2013	678	223	(164)	737
Loss for the year	-	-	(1)	(1)
At 31 December 2013	<u>678</u>	<u>223</u>	<u>(165)</u>	<u>736</u>

BP CAPITAL MARKETS P.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

12. Reconciliation of movements in shareholders' funds

	<u>2013</u>	<u>2012</u>
	\$m	\$m
(Loss) / profit result for the year	<u>(1)</u>	<u>2</u>
Net (decrease) / increase in shareholders' funds	<u>(1)</u>	<u>2</u>
Shareholders' funds at 1 January	737	735
Shareholders' funds at 31 December	<u>736</u>	<u>737</u>

13. Related party transactions

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

14. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP International Limited, a company registered in England and Wales. The ultimate controlling parent undertaking is BP plc, 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 plc can be obtained from 1 St James's Square, London, SW1Y 4PD.