

BP MIDDLE EAST LIMITED
(Registered Number 591214)



ANNUAL REPORT AND ACCOUNTS - 1994

Board of Directors:- D G L White (Chairman)
R D Cartwright

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31 December 1994.

Principal activities

The principal activities of the company are to market and distribute petroleum products throughout the Middle East. Specific activities include the marketing of automotive and industrial lubricants, aviation fuel and ground products, with trading activity being most prominent in the United Arab Emirates and Oman. It is the intention that the above businesses of the company will continue for the foreseeable future.

Financial results and dividends

The profit for the year is £17,553,035. After adding the reserves brought forward of £36,820,320, deducting exchange losses of £1,424,096 and the dividend paid of £15,000,000, the balance of retained profit carried forward is £37,949,259.

Fixed assets

Details of the company's fixed assets are given in note 7 and 8 of the accounts.

Directors

The directors listed above served throughout the financial year.

Directors interests

The interests of the directors holding office on 31 December 1994, and their families, in the 25p ordinary shares of The British Petroleum Company p.l.c. were as set out below:

	<u>31 December 1994</u>	<u>1 January 1994</u>
D G L White	15,512	16,285
R D Cartwright	10,225	9,461

In addition, rights to subscribe for 25p ordinary shares in The British Petroleum Company p.l.c. were granted to, or exercised by, the directors during the financial year as follows:-

	<u>Granted</u>	<u>Exercised</u>
D G L White	Nil	Nil
R D Cartwright	428	Nil

No director had any interest in the shares or debentures of subsidiary undertakings of The British Petroleum Company p.l.c. at 31 December 1994.

BP MIDDLE EAST LIMITED

REPORT OF THE DIRECTORS


Insurance

Pursuant to Section 310 of the Companies Act 1985, for the year ended 31 December 1994, policies of insurance have been purchased and maintained by the ultimate parent undertaking for the directors and officers of the Company against the financial consequences of actions brought against them by outside parties for their acts or omissions in the performance of their duties as directors and officers of the company.

Auditors

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually and Ernst & Young continue in office.

By order of the Board

 (Blessor)
Secretary

Registered Office
BP House
Breakspear Way
Hemel Hempstead
Herts HP2 4UL

14 July 1995

BP MIDDLE EAST LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis, as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

BP MIDDLE EAST LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF BP MIDDLE EAST LIMITED

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



(ERNST + YOUNG)

Chartered Accountants
Registered Auditor
London

14 July 1995



BP MIDDLE EAST LIMITED

ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No. 1 a cash flow statement is not presented in these accounts.

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 228(1) of the Companies Act 1985. These accounts, therefore, present information about the company as an individual undertaking and not about the group. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, The British Petroleum Company p.l.c.. Only dividend income is reflected in the company's profit and loss account. Provisions are made against investments in, and advances to subsidiary and associated undertakings where it is considered that these amounts will not be fully recovered in the foreseeable future.

Depreciation

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives.

Stock valuation

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

Foreign currencies

Assets and liabilities of the foreign currency branches are translated into sterling at closing rates of exchange. The profit and loss account is translated at average rates of exchange.

Exchange differences resulting from the retranslation of net investments in branches at closing rates, together with the difference between the profit and loss account translated at average rates and at closing rates, are dealt with in reserves.

All other exchange gains or losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit for the year.

Deferred taxation

Deferred taxation is calculated using the liability method. Provision is made where timing differences are expected to reverse in the foreseeable future.

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BP MIDDLE EAST LIMITED

ACCOUNTING POLICIES

Leases

Assets held under leases which result in the company receiving substantially all risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments. The corresponding finance lease obligation is included with borrowings. Rentals under operating leases are charged against income as incurred.

Provisions for employees' end of service benefits

Provision is made for amounts payable under the company's rules applicable to employees' accumulated periods of service at the balance sheet date. The amount provided meets the requirements of the local labour laws.



BP MIDDLE EAST LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
Turnover	1	166,886,261	174,920,440
Cost of sales		132,402,074	141,465,948
Gross profit		34,484,187	33,454,492
Distribution expenses		14,054,459	15,134,470
Administration expenses		2,383,582	2,493,545
		18,046,146	15,826,477
Other income	2	2,059,003	2,107,147
Operating profit	3	20,105,149	17,933,624
Interest expense	4	546,954	428,328
Profit before taxation		19,558,195	17,505,296
Taxation	6	2,005,160	2,218,512
Profit for the year		17,553,035	15,286,784
Dividends		15,000,000	10,000,000
Retained profit for the year		2,553,035	5,286,784

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>1994</u> £	<u>1993</u> £
Profit for the year	17,553,035	15,286,784
Exchange adjustments	(1,424,096)	285,377
Total recognised gains and losses for the year	16,128,939	15,572,161

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BP MIDDLE EAST LIMITED

BALANCE SHEET AT 31 DECEMBER 1994

	Note	1994 £	1993 £
Fixed assets			
Tangible assets	7	14,387,707	15,131,959
Investments	8	2,822,074	3,622,286
		<hr/>	<hr/>
		17,209,781	18,754,245
Current assets			
Stocks	9	12,825,081	13,966,283
Debtors	10	36,242,942	31,648,061
Cash at bank and in hand		3,468,736	5,291,720
		<hr/>	<hr/>
		52,536,759	50,906,064
Creditors - amounts falling due within one year			
Finance debt	11	(8,752,464)	(8,983,303)
Other creditors	12	(20,058,630)	(20,459,724)
		<hr/>	<hr/>
Net current assets		23,725,665	21,463,037
		<hr/>	<hr/>
Total assets less current liabilities		40,935,446	40,217,282
Creditors - amounts falling due after more than one year:			
Finance debt	11	(746,127)	(1,125,590)
Provisions for liabilities and charges	13	(2,140,060)	(2,171,372)
		<hr/>	<hr/>
Net assets		38,049,259	36,920,320
		<hr/> <hr/>	<hr/> <hr/>
Represented by			
Capital and reserves			
Called up share capital	14	100,000	100,000
Reserves	15	37,949,259	36,820,320
		<hr/>	<hr/>
		38,049,259	36,920,320
		<hr/> <hr/>	<hr/> <hr/>

Director

(J.G.L. WHITE)

14 July 1995

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NOTES TO THE ACCOUNTS

1. Turnover

Turnover represents gross sales proceeds, less duties and levies payable, and is generated from the marketing and distribution of petroleum products in the Middle East.

2. Other income

	<u>1994</u> £	<u>1993</u> £
Associated undertakings - dividends	760,595	731,413
- loan interest	96,397	126,370
Other interest	719,302	749,052
Miscellaneous income	482,709	500,312
	<hr/> 2,059,003 <hr/>	<hr/> 2,107,147 <hr/>

3. Operating profit

	<u>1994</u> £	<u>1993</u> £
This is stated after charging:		
Foreign exchange gain	33,696	(62,205)
Depreciation of capitalised leased assets	348,220	355,172
Depreciation of other fixed tangible assets	2,130,289	2,320,456
Hire charges under operating leases		
- Plant and machinery	42,854	43,863
- Other assets	1,732,291	1,787,534
Auditors' remuneration		
Audit fee	47,153	50,272
Fees for other services	7,835	-

4. Interest expense

	<u>1994</u> £	<u>1993</u> £
Bank overdraft	402,470	246,114
Finance lease	144,484	182,214
	<hr/> 546,954 <hr/>	<hr/> 428,328 <hr/>

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

5. Directors and employees

Employee costs	<u>1994</u> £	<u>1993</u> £
Wages and salaries	4,439,784	4,837,649
Pension cost	2,057	61,332
End of service benefits	336,737	357,611
	<u>4,778,578</u>	<u>5,256,592</u>

Average employee numbers

	<u>1994</u> Non UK	<u>1993</u> Non UK
Distribution	103	107
Marketing	134	139
Administration	56	57
	<u>293</u>	<u>303</u>

Directors' emoluments

None of the directors received any fees or remuneration from this company during the year (1993 £Nil).

6. Taxation

	<u>1994</u> £	<u>1993</u> £
Overseas taxation:		
Taxation for the year	2,005,160	2,218,512
United Kingdom Corporation Tax based upon profit for the year	1,797,419	2,034,039
Less: Overseas tax relief	(1,797,419)	(2,034,039)
	<u>2,005,160</u>	<u>2,218,512</u>

United Kingdom Corporation Tax

The company is a member of a group for the purposes of relief under section 402 of the Income and Corporation Taxes Act 1988. The corporation tax liability has been partially covered by double tax relief and owing to the availability of group relief, no provision has been made in the accounts of this company for the balance of the liability. The group's current corporation tax liability has been provided in the accounts of BP International Limited, a fellow subsidiary undertaking.

Provision for deferred taxation has been made in the accounts of BP International Limited, a fellow subsidiary undertaking having regard to the group deferred taxation position.

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

6. Taxation (continued)

The gross potential liability of this company for deferred taxation at 31 December 1994 of £71,656 (1993 £Nil) comprises tax at 33% on timing differences principally between the accounting and tax treatment of fixed assets and general provisions. If provision for deferred taxation had been made in the accounts on the basis of the gross potential liability there would have been a charge for the year of £71,656 (1993 Nil).

7. Fixed assets - tangible assets

	<u>Buildings</u>	<u>Plant and Machinery</u>	<u>Assets under Construction</u>	<u>Total</u>
	£	£	£	£
Cost:				
At 1 January 1994	6,271,595	30,200,932	1,136,261	37,608,788
Exchange adjustments	(189,440)	(900,119)	(42,748)	(1,132,307)
Additions	-	-	2,261,446	2,261,446
Transfers	244,816	1,173,389	(1,418,205)	-
Deletions	(80,714)	(1,531,376)	(16,024)	(1,628,114)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	6,246,257	28,942,826	1,920,730	37,109,813
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 January 1994	3,310,905	19,165,924	-	22,476,829
Exchange adjustments	(102,881)	(579,642)	-	(682,523)
Charge for the year	438,645	2,039,864	-	2,478,509
Deletions	(80,172)	(1,470,537)	-	(1,550,709)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	3,566,497	19,155,609	-	22,722,106
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amounts:				
At 31 December 1994	2,679,760	9,787,217	1,920,730	14,387,707
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	2,960,690	11,035,008	1,136,261	15,131,959
	<hr/>	<hr/>	<hr/>	<hr/>

Rates of depreciation : 5% 7.5% - 25%

Assets held under finance leases at net book amount included above.

	<u>Cost</u>	<u>Depreciation</u>	<u>Net</u>
	£	£	£
At 31 December 1994	<u>6,602,112</u>	<u>5,567,781</u>	<u>1,034,331</u>
At 31 December 1993	<u>6,805,808</u>	<u>5,384,392</u>	<u>1,421,416</u>

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

8. Fixed assets - investments

	<u>Associated Undertakings</u>		
	<u>Shares</u>	<u>Loans</u>	<u>Total</u>
	£	£	£
At 1 January 1994	206,045	3,416,241	3,622,286
Exchange adjustments	(6,167)	(94,862)	(101,029)
Additions	-	45,194	45,194
Deletions	-	(744,377)	(744,377)
	<hr/>	<hr/>	<hr/>
At 31 December 1994	199,878	2,622,196	2,822,074
	<hr/>	<hr/>	<hr/>

The investments in associated undertakings are unlisted. The associated undertakings are as follows:

	% of Ordinary Shares owned	Country of Incorporation	Principal Activities
Emirates Petroleum Terminals Limited	49%	U.A.E.	Distribution & oil storage
Bahrain Aviation Fuelling Company	13%	Bahrain	Aviation fuelling services
Middle East Lubricants Company	24.5%	U.A.E.	Blending of lubricants
Sharjah Aviation Services Co. Limited	49%	U.A.E.	Aviation fuelling services

9. Stocks

	1994 £	1993 £
Stocks of petroleum products	12,218,893	13,257,596
Stores	606,188	708,687
	<hr/>	<hr/>
	12,825,081	13,966,283
	<hr/>	<hr/>
Replacement value	12,781,067	13,846,864
	<hr/>	<hr/>

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

10. Debtors

	1994 £	1993 £
Trade	16,823,771	16,449,328
Parent and fellow subsidiary undertakings	15,907,402	10,154,464
Associated undertakings	391,291	331,231
Prepayments and accrued income	570,863	630,488
Other	2,549,615	4,082,550
	<u>36,242,942</u>	<u>31,648,061</u>

Amounts included in other debtors totalling £Nil (1993 - £296,354) will not fall due until after more than one year.

11. Finance debt obligation

	1994		1993	
	Within 1 year £	After 1 year £	Within 1 year £	After 1 year £
Bank loans and overdraft	8,406,690	-	8,666,062	-
Obligations under finance lease	345,774	746,127	317,241	1,125,590
	<u>8,752,464</u>	<u>746,127</u>	<u>8,983,303</u>	<u>1,125,590</u>

	1994 £	1993 £
Minimum future lease payments payable within:		
One year	450,704	464,610
Two to five years	901,408	1,393,829
Thereafter	-	-
	<u>1,352,112</u>	<u>1,858,439</u>
Less: Finance charges allocated to future periods	260,211	415,608
Net obligation	<u>1,091,901</u>	<u>1,442,831</u>

12. Other creditors

	1994 £	1993 £
Trade creditors	7,354,484	11,113,175
Parent and fellow subsidiary undertakings	7,498,768	4,787,771
Associated undertakings	815,834	614,240
Taxation on profits	1,983,979	2,438,635
Accruals and deferred income	2,405,565	1,505,903
	<u>20,058,630</u>	<u>20,459,724</u>

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

13. Provisions for liabilities and charges

	1994 £	1993 £
Provision for end of service benefits:		
At 1 January	2,171,372	2,139,061
Exchange adjustments	(65,347)	19,410
Charged to income and related companies	336,737	357,611
Utilised during year	(302,702)	(344,710)
	<hr/>	<hr/>
At 31 December	2,140,060	2,171,372
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14. Called-up share capital

	1994 £	1993 £
Authorised, allotted and fully paid 100,000 ordinary shares of £1 each	100,000	100,000
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15. Reconciliation of shareholders' funds and movement on reserves

	<u>Share Capital</u> £	<u>Profit and Loss account</u> £	<u>Total</u> £
At 1 January 1993	100,000	31,248,159	31,348,159
Profit for the year		15,286,784	15,286,784
Exchange adjustments		285,377	285,377
Dividend		(10,000,000)	(10,000,000)
	<hr/>	<hr/>	<hr/>
At 1 January 1994	100,000	36,820,320	36,920,320
Profit for the year		17,553,035	17,553,035
Exchange adjustments		(1,424,096)	(1,424,096)
Dividend		(15,000,000)	(15,000,000)
	<hr/>	<hr/>	<hr/>
At 31 December 1994	100,000	37,949,259	38,049,259
	<hr/>	<hr/>	<hr/>

Included in reserves at 31 December 1994 are unrealised exchange gains amounting to £21,385,937 (1993 - £22,490,947).

16. Capital commitments

Authorised future capital expenditure is estimated at £2,407,262 (1993 - £2,799,746) including £Nil (1993 - £539,951) for which contracts have been placed.

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

17. Other financial commitments

At 31 December 1994 the company had annual commitments under non-cancellable operating leases as set out below:

	1994 Land and Buildings £	1993 Land and Buildings £
Expiring within: 1 year	366,217	108,624
2 to 5 years	442,965	335,065
Thereafter	-	-
	<hr/> 809,182 <hr/>	<hr/> 443,689 <hr/>

18. Ultimate parent undertaking

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 The British Petroleum Company p.l.c., a company registered in England and Wales. Copies of The British Petroleum Company p.l.c.'s accounts can be obtained from Britannic House, 1 Finsbury Circus, London EC2M 7BA

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