

BP SHIPPING LIMITED
(Registered No.00140132)

THURSDAY



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COMPANIES HOUSE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

Board of Directors: S L Dio
R G Mason
C Zhao
K A Thomson

The directors present the strategic report, their report and the financial statements for the year ended 31 December 2016.

STRATEGIC REPORT

Results

The profit for the year after taxation was \$36,222,000 which, when deducted from the accumulated loss brought forward at 1 January 2016 of \$569,554,000, gives a total accumulated loss carried forward at 31 December 2016 of \$533,332,000.

Principal activity and review of the business

The principal activity of the company is that of shipping and ship management. The company charters, manages and operates oil tankers and liquefied natural gas (LNG) principally on behalf of the BP Group. The company also charters oil tankers and LNG carriers on behalf of the BP Group and third parties. It is the intention of the directors that the above business of the company will continue for the foreseeable future.

During 2016, the company maintained its shipping fleet of operated and time chartered vessels to effectively manage the risk of a major oil spill within the fleet. All vessels on BP business are subject to BP's requirements. The BP Shipping Limited fleet included 74 international oil and gas vessels at the end of 2016, 46 BP operated and 28 time charter vessels, compared with a total of 78 vessels at the end of 2015.

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

| | 2016 | 2015 | Variance |
|---|------------|------------|----------|
| | | | % |
| % of BP cargoes greater than 9,000 metric tonnes carried by BPS Ships | 15.4% | 18.0% | (14) |
| Number of voyages | 833 | 946 | (12) |
| Tonnes of cargo carried (mt) | 59,908,569 | 64,685,974 | (7) |
| Utilisation of BPS vessels | 69.1% | 65.7% | 5 |
| | 2016 | 2015 | Variance |
| | \$000 | \$000 | % |
| Turnover | 1,243,686 | 1,485,723 | (16) |
| Operating profit | 54,303 | 194,129 | (72) |
| Profit for the year | 36,222 | 181,314 | (80) |
| Total equity | 2,237,137 | 2,200,915 | 2 |
| | 2016 | 2015 | Variance |
| | % | % | |
| Quick ratio | 1,557 | 1,354 | 203 |

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 for the group.

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the company's strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation. Unless stated otherwise, further details on these risks are included within the risk factors in the strategic report of the BP group Annual Report and Form 20-F for the year ended 31 December 2016.

Strategic and commercial risks

Major project delivery

Failure to invest in the best opportunities or deliver major projects successfully could adversely affect the company's financial performance.

Digital infrastructure and cybersecurity

Breach of the company's digital security or failure of its digital infrastructure could damage its operations and reputation.

Crisis management and business continuity

Potential disruption to the company's business and operations could occur if it does not address an incident effectively.

Insurance

The BP group's insurance strategy could expose the BP group to material uninsured losses which in turn could adversely affect the company.

Safety and operational risks

Process safety, personal safety and environmental risks

The company is exposed to a wide range of health, safety, security and environmental risks that could result in regulatory action, legal liability, increased costs, damage to its reputation and potentially denial of its licence to operate.

Security

Hostile acts against the company's staff and activities could cause harm to people and disrupt its operations.

Compliance and control risks

Ethical misconduct and non-compliance

Ethical misconduct or breaches of applicable laws by the company's businesses or its employees could be damaging to its reputation.

Reporting

Failure to accurately report the company's data could lead to regulatory action, legal liability and reputational damage.

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates and interest rates; and credit risk. Further details on these financial risks are included within Note 28 of the BP Group Annual Report and Form 20-F for the year ended 31 December 2016.

STRATEGIC REPORT

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

28 June 2017

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

DIRECTORS' REPORT

BP SHIPPING LIMITED

Directors

The present directors are listed on page 1.

S L Dio and A H Haywood served as directors throughout the financial year. Changes since 1 January 2016 are as follows:

| | <u>Appointed</u> | <u>Resigned</u> |
|-------------|------------------|-----------------|
| R G Mason | 29 April 2016 | — |
| D Wood | 30 August 2016 | 20 April 2017 |
| C Zhao | 30 August 2016 | — |
| K A Thomson | 1 February 2017 | — |
| A H Haywood | — | 1 February 2017 |
| R J Day | — | 29 April 2016 |

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 the company's directors remain in force at the date of this report.

Dividends

The company has not declared any dividends during the year (2015: \$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 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

Post balance sheet event

On 4 June 2017, the sale of two Norwegian registered platform supply vessels was approved, with a total consideration of \$105.4 million.

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' 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

28 June 2017

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT
OF THE FINANCIAL STATEMENTS**

BP SHIPPING LIMITED

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 financial statements, 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 financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BP SHIPPING LIMITED

We have audited the financial statements of BP Shipping Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23. 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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). Those 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 Financial Statements 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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, based on the work undertaken in the course of the audit:

- 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

Stephney Dallmann (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP Statutory Auditor

London

29 June

2017

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

BP SHIPPING LIMITED

| | | <u>2016</u> | <u>2015</u> |
|--|------|----------------------|-----------------------|
| | Note | \$000 | \$000 |
| Turnover | 3 | 1,243,686 | 1,485,723 |
| Cost of sales | | <u>(1,093,760)</u> | <u>(1,162,911)</u> |
| Gross profit | | 149,926 | 322,812 |
| Administrative expenses | | (120,973) | (124,963) |
| Other operating income | | 8,815 | 179 |
| Exceptional items | 6 | <u>16,535</u> | <u>(3,899)</u> |
| Operating profit | 4 | 54,303 | 194,129 |
| Interest receivable and similar income | 7 | 5,198 | 575 |
| Interest payable and similar charges | 8 | <u>(31,428)</u> | <u>(28,225)</u> |
| Profit before taxation | | 28,073 | 166,479 |
| Taxation | 9 | <u>8,149</u> | <u>14,835</u> |
| Profit for the year | | <u><u>36,222</u></u> | <u><u>181,314</u></u> |

The profit of \$36,222,000 for the year ended 31 December 2016 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

There is no comprehensive income attributable to the shareholders of the company other than the profit for the year.

BALANCE SHEET**AT 31 DECEMBER 2016****BP SHIPPING LIMITED****(Registered No.00140132)**

| | | 2016 | Restated 2015 |
|---|------|-----------|------------------|
| | Note | \$000 | \$000 |
| Fixed assets | | | |
| Tangible assets | 11 | 276,105 | 418,511 |
| Current assets | | | |
| Stocks | 12 | 28,734 | 25,682 |
| Debtors – amounts falling due: | | | |
| within one year | 13 | 1,969,886 | 1,883,532 |
| after one year | 13 | 55,994 | 24,215 |
| Deferred tax assets | 9 | 32,828 | 24,679 |
| | | 2,087,442 | 1,958,108 |
| Creditors: amounts falling due within one year | 14 | (123,916) | (134,562) |
| Net current assets | | 1,963,526 | 1,823,546 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 2,239,631 | 2,242,057 |
| Creditors: amounts falling due after more than one year | 14 | (953) | (913) |
| Provisions for liabilities and charges | | | |
| Other provisions | 16 | (1,541) | (40,229) |
| NET ASSETS | | 2,237,137 | 2,200,915 |
| Capital and reserves | | | |
| Called up share capital | 17 | 2,770,469 | 2,770,469 |
| Profit and loss account | 18 | (533,332) | (569,554) |
| TOTAL EQUITY | | 2,237,137 | 2,200,915 |

On behalf of the Board



R G Mason

Director

28 June 2017

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
BP SHIPPING LIMITED

| | Called up share capital (Note 17) | Profit and loss account (Note 18) | Total |
|--|---|---|------------------|
| | \$000 | \$000 | \$000 |
| Balance at 1 January 2015 | 2,770,469 | (750,868) | 2,019,601 |
| Profit for the year, representing total comprehensive income | — | 181,314 | 181,314 |
| Balance at 31 December 2015 | 2,770,469 | (569,554) | 2,200,915 |
| Profit for the year, representing total comprehensive income | — | 36,222 | 36,222 |
| Balance at 31 December 2016 | <u>2,770,469</u> | <u>(533,332)</u> | <u>2,237,137</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
BP SHIPPING LIMITED

1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of BP Shipping Limited for the year ended 31 December 2016 were approved by the board of directors on 28 June 2017 and the balance sheet was signed on the board's behalf by R G Mason. BP Shipping Limited is a limited company incorporated and registered in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the provisions of the Companies Act 2006.

2. Significant accounting policies, judgements, estimates and assumptions

The significant accounting policies and critical accounting judgements, estimates and assumptions of the company are set out below.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The accounting policies that follow have been consistently applied to all years presented.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- (d) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (h) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets.

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 23.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars (\$000), except where otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Critical accounting policies: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used. The critical judgements and estimates that could have a significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the Notes to the financial statements.

Impairment of tangible assets

Determination as to whether, and how much, an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas and refined products.

For value in use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The discount rate is derived from the BP group's post-tax weighted average cost of capital and is adjusted where applicable to take into account any specific risks relating to the country where the cash-generating unit is located, although other rates may be used if appropriate to the specific circumstances. The discount rates applied in assessments of impairment are reassessed each year. In cases where fair value less costs to sell is used to determine the recoverable amount of an asset, where recent market transactions for the asset are not available for reference, accounting judgements are made about the assumptions market participants would use when pricing the asset. Fair value less costs to sell may be determined based on similar recent market transaction data or using discounted cash flow techniques. Where discounted cash flow analyses are used to calculate fair value less costs to sell, the discount rate used is the BP group's post-tax weighted average cost of capital.

Impairment of financial assets

Judgements are required in assessing the recoverability of overdue trade debtors and determining whether a provision against the future recoverability of those debtors is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Provisions and contingent liabilities

The provision recognised is the best reliable estimate of expenditures required to settle certain present obligations at the end of the reporting period. There are future expenditures, however, for which it is not possible to measure the obligation reliably. These are not provided for and are disclosed as contingent liabilities. Accounting judgement is required to identify when a provision can be measured reliably, which can be especially challenging when complex litigation activities are ongoing.

In addition, for those provisions which are recognised, there is significant estimation uncertainty about the amounts that will ultimately be paid. A provision is made for these costs when the amount can be measured reliably; this requires an analysis of claims received and processed and consideration of the status of ongoing legal activity.

Deferred tax

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Significant accounting policies

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the financial statements have therefore been prepared under the going concern basis.

Foreign currency

The functional and presentation currency of the financial statements is US dollars. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction, where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the profit and loss account. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within tangible assets.

Exchanges of assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. The gain or loss on derecognition of the asset given up is recognised in profit or loss.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised and the carrying amount of the replaced asset is derecognised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

Tangible assets are depreciated on a straight-line basis over their expected useful lives. The typical useful lives of the company's tangible assets are as follows:

| | |
|---------------------------------------|-----------------------|
| Oil tankers (leasehold improvements) | up to 15 years (6.7%) |
| Gas carriers (leasehold improvements) | up to 15 years (6.7%) |
| Owned barges | up to 20 years (5%) |
| Owned gas barges | up to 30 years (3.3%) |
| Furniture | up to 3 years (33.3%) |
| Computer equipment | up to 3 years (33.3%) |

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Tangible assets (continued)

The expected useful lives of tangible assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying amounts of tangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the period in which the item is derecognised.

Impairment of tangible 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, for example, changes in the company's business plans, changes in commodity prices leading to sustained unprofitable performance, low plant utilisation, evidence of physical damage or, for oil and gas assets, significant downward revisions of estimated reserves or increases in estimated future development expenditure. If any such indication of impairment exists, the company makes an estimate of the asset's recoverable amount. 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. An asset group's recoverable amount is the higher of its fair value less costs to sell 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. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

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 an 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.

Stock

Stock, other than stock held for trading purposes, is stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Net realisable value is determined by reference to prices existing at the balance sheet date.

Supplies are valued at cost to the company mainly using the average method or net realisable value, whichever is the lower.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight line basis over the lease term.

For all leases, contingent rents are recognised in the profit and loss account in the period in which they are incurred.

Assets leased out under operating leases are included in tangible assets and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Financial assets

Financial assets within the scope of IAS 39 are classified as loans and receivables; financial assets at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; held-to-maturity financial assets; or as available-for-sale financial assets, as appropriate. Financial assets may include cash and cash equivalents, trade receivables, other receivables, loans, other investments, and derivative financial instruments. The company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial assets is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes trade and other receivables. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and have a maturity of three months or less from the date of acquisition.

Impairment of financial assets

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

Loans and receivables

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 asset is reduced, with the amount of the loss recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; or as financial liabilities measured at amortised cost, as appropriate. Financial liabilities may include trade and other payables, accruals, most items of finance debt and derivative financial instruments. The company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities is as follows:

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest receivable and similar income and interest payable and similar charges. This category of financial liabilities includes trade and other payables and finance debt.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the company currently has a legally enforceable right to set off the recognised amounts; and the company intends to either settle on a net basis or realise the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect the risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised in the profit and loss account. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Taxation

Taxation expense represents the sum of current tax and deferred tax. Taxation is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off taxation assets against taxation liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Turnover

Turnover is recognised in accordance with the accruals principle. Freight income and demurrage are recognised for voyages in progress on the basis of the proportion of the voyage that is completed. Revenue on services are recognised on completion of short-term engagements, or on a periodic basis for longer-term engagements (i.e. greater than three months). Bareboat and time charter income are recognised on a periodic basis. Recoveries of costs incurred on behalf of other entities are also recognised on a periodic basis. Provisions for anticipated losses are made in full in the period they become known.

Interest income

Interest income is recognised as the interest accrues using the effective interest rate – that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a turnover nature are credited to income so as to match them with the expenditure to which they relate.

Finance costs

All finance costs are recognised in the profit and loss account in the period in which they are incurred.

Exceptional items

The company presents as exceptional items those material items impacting the profit and loss account which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

3. Turnover

An analysis of the company's turnover is as follows:

| | 2016 | 2015 |
|---|------------------|------------------|
| | \$000 | \$000 |
| Freight Income | 578,871 | 785,704 |
| Revenue on services | 25,800 | 26,237 |
| Time charter income | 532,418 | 564,634 |
| Demurrage | 100,142 | 106,427 |
| Recoveries | 6,455 | 2,721 |
| | <u>1,243,686</u> | <u>1,485,723</u> |
| Other operating income | | |
| Interest receivable and similar income (Note 7) | 5,198 | 575 |
| | <u>1,248,884</u> | <u>1,486,298</u> |

An analysis of turnover by class of business is set out below:

| | 2016 | 2015 |
|------------------------------|------------------|------------------|
| | \$000 | \$000 |
| Class of business: | | |
| Other business and corporate | <u>1,243,686</u> | <u>1,485,723</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

4. Operating profit

This is stated after charging / (crediting):

| | 2016 | 2015 |
|---|---------|---------|
| | \$000 | \$000 |
| Hire charges under operating leases - tanker charters | 519,746 | 467,843 |
| Net foreign exchange gains | (2,211) | (639) |
| Depreciation of tangible assets | 28,379 | 30,800 |
| Government grant | (121) | (121) |

The hire charges under operating leases are partially offset by the utilisation of other provisions (see Note 16).

5. Auditor's remuneration

| | 2016 | 2015 |
|-----------------------------------|-------|-------|
| | \$000 | \$000 |
| Fees for the audit of the company | 157 | 105 |

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 financial statements since the consolidated financial statements of BP Shipping Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

6. Exceptional items

Exceptional items comprise the provision for onerous contracts and impairment losses as follows:

| | 2016 | 2015 |
|--|---------|---------|
| | \$000 | \$000 |
| Provision for onerous bareboat and charter | — | (3,649) |
| Reversal of provision for onerous bareboat and charter contracts | 8,790 | — |
| Impairment losses on fixed assets | — | (250) |
| Reversal of impairment losses on fixed assets | 7,745 | — |
| Exceptional items | 16,535 | (3,899) |
| Taxation (charge) / credit | (3,075) | 780 |
| Exceptional items (net of tax) | 13,460 | (3,119) |

No current tax has been recorded due to the availability of group relief as outlined in Note 9.

7. Interest receivable and similar income

| | 2016 | 2015 |
|--|-------|-------|
| | \$000 | \$000 |
| Interest income from amounts owed by group undertaking | 5,198 | 575 |

8. Interest payable and similar charges

| | 2016 | 2015 |
|---|--------|--------|
| | \$000 | \$000 |
| Interest expense from group undertaking | 31,428 | 28,225 |

NOTES TO THE FINANCIAL STATEMENTS

9. Taxation

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

The taxation credit in the profit and loss account is made up as follows:

| | <u>2016</u> | <u>2015</u> |
|---|-----------------------|------------------------|
| | \$000 | \$000 |
| <u>Current tax</u> | | |
| UK corporation tax on income for the year | — | — |
| <u>Deferred tax</u> | | |
| Reversal of temporary differences | (9,520) | (15,176) |
| Effect of increased tax rate on opening liability | 1,371 | 1,056 |
| Adjustments in prior year temporary differences | — | (715) |
| Total deferred tax credited | <u>(8,149)</u> | <u>(14,835)</u> |
| Tax credited on profit | <u><u>(8,149)</u></u> | <u><u>(14,835)</u></u> |

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is higher than the standard rate of corporation tax in the UK of 20% for the year ended 31 December 2016 (2015: 20%). The differences are reconciled below:

| | <u>2016</u> | <u>2015</u> |
|------------------------|-------------|-------------|
| | \$000 | \$000 |
| Profit before taxation | 28,073 | 166,479 |
| Tax credit | (8,149) | (14,835) |
| Effective tax rate | (29)% | (9)% |

| | <u>2016</u> | <u>2015</u> |
|--|--------------------|-------------------|
| | % | % |
| UK statutory corporation tax rate: | 20 | 20 |
| Increase / (decrease) resulting from: | | |
| Non-deductible expenditure | 9 | — |
| Free group relief | (69) | (29) |
| Adjustments to tax charge in respect of previous years | 5 | — |
| Deferred tax provided at lower rates | 6 | — |
| Effective tax rate | <u><u>(29)</u></u> | <u><u>(9)</u></u> |

Change in corporation tax rate

The UK corporation tax rate will be reduced to 19% with effect from 1 April 2017, and will further reduce to 17% from 1 April 2020. Deferred tax has been measured using the rates substantively enacted at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

9. Taxation (continued)

(b) Provision for deferred tax

The deferred tax included in the profit and loss account and balance sheet is as follows:

| | Profit and loss account | | Balance sheet | |
|---|-------------------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| <u>Deferred tax asset</u> | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> |
| Capital allowance in excess of depreciation | (2,646) | 2,646 | — | 2,646 |
| Other deductible temporary differences | 17,809 | 10,919 | 39,842 | 22,033 |
| Net credit for deferred tax assets | <u>15,163</u> | <u>13,565</u> | <u>39,842</u> | <u>24,679</u> |

| | Profit and loss account | | Balance sheet | |
|--|-------------------------|--------------|----------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| <u>Deferred tax liability</u> | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> |
| Accelerated capital allowances | (7,014) | 1,270 | (7,014) | — |
| Net provision for deferred tax liabilities | <u>(7,014)</u> | <u>1,270</u> | <u>(7,014)</u> | <u>—</u> |

Analysis of movements during the year

| | 2016 |
|--|---------------|
| | <u>\$000</u> |
| At 1 January 2016 | 24,679 |
| Deferred tax credit in the profit and loss account | 8,149 |
| At 31 December 2016 | <u>32,828</u> |

A deferred tax asset of \$32,828,000 (2015: \$24,679,000) has been recognised in this company on the basis that sufficient taxable profits are expected to arise within the UK group in order to utilise the asset in future years.

10. Directors and employees

(a) Remuneration of directors

The total remuneration for all serving directors for their period of directorship to the company amounted to \$756,200 (2015: \$1,100,000). A number of directors are senior executives of the BP Plc Group and received no remuneration for services to this company or its subsidiary undertakings.

None of the directors were members of the defined benefit section of the BP Pension Fund at 31 December 2016 (2015: Two).

The highest paid director received \$536,000 (2015: \$491,000). The accrued pension of the highest paid director at 31 December 2016 was \$Nil (2015: \$Nil). The highest paid director did not exercise share options over BP p.l.c. shares during the year.

One of the directors exercised share options over BP p.l.c. shares during the year (2015: Two).

(b) Employee costs

The company had no employees during the year (2015: None).

NOTES TO THE FINANCIAL STATEMENTS

11. Tangible assets

| | Vessels | Other Equipment | Total | Of which AUC* |
|------------------------|----------------|--------------------|----------------|------------------|
| Cost | \$000 | \$000 | \$000 | \$000 |
| At 1 January 2016 | 540,024 | 7,449 | 547,473 | 116,845 |
| Additions | 1,671 | 2,061 | 3,732 | 516 |
| Disposals | (151,354) | — | (151,354) | (115,120) |
| At 31 December 2016 | <u>390,341</u> | <u>9,510</u> | <u>399,851</u> | <u>2,241</u> |
| Depreciation | | | | |
| At 1 January 2016 | 126,017 | 2,945 | 128,962 | — |
| Charge for the year | 25,837 | 2,542 | 28,379 | — |
| Reversal of impairment | (7,745) | — | (7,745) | — |
| Disposals | (25,850) | — | (25,850) | — |
| At 31 December 2016 | <u>118,259</u> | <u>5,487</u> | <u>123,746</u> | <u>—</u> |
| Net book value | | | | |
| At 31 December 2016 | <u>272,082</u> | <u>4,023</u> | <u>276,105</u> | <u>2,241</u> |
| At 31 December 2015 | <u>414,007</u> | <u>4,504</u> | <u>418,511</u> | <u>116,845</u> |

*AUC = assets under construction. Assets under construction are not depreciated.

12. Stocks

| | 2016 | 2015 |
|--------|---------------|---------------|
| | \$000 | \$000 |
| Stocks | <u>28,734</u> | <u>25,682</u> |

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

13. Debtors

Amounts falling due within one year:

| | 2016 | Restated 2015 |
|------------------------------------|------------------|------------------|
| | \$000 | \$000 |
| Trade debtors | 31,417 | 31,971 |
| Amounts owed by group undertakings | 1,895,089 | 1,784,838 |
| Other debtors | 3,151 | 5,372 |
| Prepayments and accrued income | 40,229 | 61,351 |
| | <u>1,969,886</u> | <u>1,883,532</u> |

NOTES TO THE FINANCIAL STATEMENTS

13. Debtors (continued)

Amounts falling due after one year:

| | 2016 | Restated 2015 |
|--------------------------------|----------------------|----------------------|
| | \$000 | \$000 |
| Other debtors | 41,459 | — |
| Prepayments and accrued income | 14,535 | 24,215 |
| | <u>55,994</u> | <u>24,215</u> |
| Total debtors | <u>2,025,880</u> | <u>1,907,747</u> |

14. Creditors

Amounts falling due within one year:

| | 2016 | Restated 2015 |
|------------------------------------|----------------|------------------|
| | \$000 | \$000 |
| Trade creditors | 25,261 | 26,151 |
| Amounts owed to group undertakings | 19,939 | 19,884 |
| Other creditors | 1 | 1 |
| Accruals and deferred income | 78,715 | 88,526 |
| | <u>123,916</u> | <u>134,562</u> |

Amounts falling after one year:

| | 2016 | 2015 |
|------------------------------|--------------------|--------------------|
| | \$000 | \$000 |
| Accruals and deferred income | 953 | 913 |
| | <u>953</u> | <u>913</u> |
| Total creditors | <u>124,869</u> | <u>135,475</u> |

15. Obligations under leases

Operating leases

Operating lease payments represent rentals payable by the company for certain of its ships. Time charter leases are negotiated for an average term of 12 months. Bareboat leases are negotiated for an average term of 16 years (2015: 12 years), some at variable rates based on market interest rates. Many of the time charter and bareboat leases include options to extend the lease term.

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2016 | 2015 |
|--------------------------------|------------------|------------------|
| | Vessels | Vessels |
| | \$000 | \$000 |
| Operating leases which expire: | | |
| Within 1 year | 482,486 | 450,792 |
| In 1 to 5 years | 1,888,372 | 1,652,151 |
| After 5 years | 1,363,218 | 915,528 |
| | <u>3,734,076</u> | <u>3,018,471</u> |

NOTES TO THE FINANCIAL STATEMENTS

16. Other provisions.

| | Other provisions | Litigations and claims | Total |
|------------------------------------|---------------------|---------------------------|---------------|
| | \$000 | \$000 | \$000 |
| At 1 January 2016 | 39,381 | 848 | 40,229 |
| New or increased provisions: | | | |
| Charged to profit and loss account | — | 425 | 425 |
| Write-back of unused provisions | (8,790) | (223) | (9,013) |
| Utilisation | (29,890) | (210) | (30,100) |
| At 31 December 2016 | <u>701</u> | <u>840</u> | <u>1,541</u> |
| At 31 December 2016 | | | |
| Current | 701 | 840 | 1,541 |
| Non-current | — | — | — |
| | <u>701</u> | <u>840</u> | <u>1,541</u> |
| At 31 December 2015 | | | |
| Current | 18,520 | 848 | 19,368 |
| Non-current | 20,861 | — | 20,861 |
| | <u>39,381</u> | <u>848</u> | <u>40,229</u> |

Other provisions include the provision for onerous bareboat and charter contracts as per Note 6.

A change in estimation technique has been applied to other provisions. A number of refinements to the technique have been adopted, to more accurately reflect the expected underlying usage of the provisions, such that bareboat and charter contracts are now assessed on a 'portfolio' basis as to whether bareboat and charter contracts are onerous (rather than on an individual basis, as was previously the case). Historical freight rates are now used in the calculation of the provision to align with industry practice and to provide a more reliable estimate than future freight rates, which are difficult to predict reliably. In the current period, this has resulted in a \$4,948,000 increase in write-backs of unused other provisions and a \$29,890,000 increase in utilisation of other provisions.

17. Called up share capital

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$000 | \$000 |
| Issued and fully paid: | | |
| 1,276,000,000 ordinary shares of £1 each for a total nominal value of £1,276,000,000 | 2,030,469 | 2,030,469 |
| 740,000,000 ordinary shares of \$1 each for a total nominal value of \$740,000,000 | 740,000 | 740,000 |
| | <u>2,770,469</u> | <u>2,770,469</u> |

18. Reserves

Called up share capital

The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

Profit and loss account

The balance held on this reserve is the accumulated losses of the company.

NOTES TO THE FINANCIAL STATEMENTS

19. Capital commitments

Authorised and contracted future capital expenditure by the company for which contracts had been placed but not provided in the financial statements at 31 December 2016 is estimated at \$1,100,000 (2015: \$1,175,000,000).

20. Related party transactions

The company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

| Related party | Sales to related party |
|--|---------------------------|
| | <u>\$000</u> |
| BP Southern Africa (Proprietary) Limited | |
| Fellow subsidiary | |
| Shipping | |
| 2016 | 7,122 |
| 2015 | 6,149 |

21. Post balance sheet event

On 4 June 2017, the sale of two Norwegian registered platform supply vessels was approved, with a total consideration of \$105.4 million.

22. Comparative figures

Following a review of various balance sheet accounts, certain items have been reclassified as shown in the table below to present balances in respect of port costs on a net basis where a legal right of set off exists and the non-current element of prepaid operating lease rentals. There was no impact on the profit or cash flow reported in the year.

| | 2015 \$000 | Reclassification \$000 | As restated 2015 \$000 |
|--|---------------|---------------------------|---------------------------|
| Debtors : amounts falling due within one year: | | | |
| Trade debtors | 77,627 | (45,656) | 31,971 |
| Prepayments and accrued income | 77,560 | (16,209) | 61,351 |
| Debtors : amounts falling due after one year: | | | |
| Prepayments and accrued income | — | 24,215 | 24,215 |
| Creditors : amounts falling due within one year: | | | |
| Accruals and deferred income | 126,176 | (37,650) | 88,526 |

NOTES TO THE FINANCIAL STATEMENTS

23. 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 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 its registered address: 1 St James's Square, London, SW1Y 4PD.