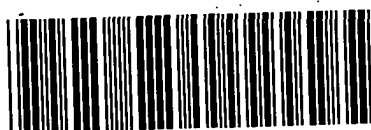


# **BP OIL INTERNATIONAL LIMITED**

(Registered No. 00322365)

## **ANNUAL REPORT AND ACCOUNTS 2013**

Board of Directors: M J O'Sullivan  
P J Reed  
A H Haywood  
C J Mendes



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COMPANIES HOUSE

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

### **STRATEGIC REPORT**

#### **Results**

The profit for the year after taxation was £935,126 which, when added to the retained profit brought forward at 1 January 2013 of £12,275,176 gives a total retained profit carried forward at 31 December 2013 of £13,210,302.

#### **Principal activity and review of the business**

The company acts as an agent for BP International Limited (BPI) and BP Oil UK Limited in the acquisition, transportation, processing and marketing of crude oil and petroleum products as well as in the buying, selling, dealing and underwriting of future and option contracts related to the same commodities.

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

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
	£000	£000	%
Turnover	81,630	82,081	(0.5)
Operating profit	5,194	5,179	0.3
Profit after taxation	935	1,215	(23)
Shareholders' funds	138,210	137,275	0.7
	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Quick ratio*	633%	761%	(17%)

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

The company recharges all administration costs and interest payable charges to BPI. These are the key drivers of the turnover figure. For 2013, the administration costs recharged have decreased compared to 2012, whilst an increase in recharged interest payable has marginally offset this reduction. This has resulted in an overall decrease in turnover for 2013.

## **BP OIL INTERNATIONAL LIMITED**

### **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 occurs 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: strategic and commercial; 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 Oil International Limited.

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 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.

## **BP OIL INTERNATIONAL LIMITED**

### **STRATEGIC REPORT**

#### **Principal risks and uncertainties (continued)**

##### **Strategic and commercial risks**

###### ***Prices and markets***

Oil and product prices and margins can be very volatile, and are subject to international supply and demand. Political developments (including conflict situations), increased supply from the development of new oil and gas sources, technological change, global economic conditions and the influence of OPEC can particularly affect world supply and oil prices. Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources. As a result, increased oil prices may not improve margin performance. Decreases in oil or product prices are likely to have an adverse effect on revenues, margins and profitability, and a material rapid change, or a sustained change, in oil or product prices may mean investment or other decisions need to be reviewed, assets may be impaired, and the viability of projects may be affected.

Periods of global recession or prolonged instability in financial markets could negatively impact parties with whom the company does or may do business with, the demand for the company's products, the prices at which they can be sold and could affect the viability of the markets in which the company operates.

##### **Compliance and control risks**

###### ***Liabilities and provisions***

The BP group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the 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.

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

###### ***Market risk***

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the company is exposed to include oil prices that could adversely affect the value of the company's financial assets, liabilities or expected future cash flows. In addition, the BP group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures. In accordance with this

**BP OIL INTERNATIONAL LIMITED**

**STRATEGIC REPORT**

**Principal risks and uncertainties (continued)**

**Financial risk management (continued)**

***Market risk (continued)***

control framework the group enters into various transactions using derivatives for risk management purposes.

The major components of market risk are commodity price risk and foreign currency exchange risk, each of which is discussed below.

***(i) Commodity price risk***

The BP group's integrated supply and trading function uses conventional financial and commodity instruments and physical cargoes available in the related commodity markets. Oil swaps, options and futures are used to mitigate price risk.

***(ii) Foreign currency exchange risk***

Fluctuations in foreign exchange rates can have significant effects on the company's reported results. The company's financial assets and liabilities give rise to transactional currency exposures. Such exposures arise from transactions in a currency other than the company's functional currency. The management of such risks is performed at BP group level. The main underlying economic currency of the BP group's cash flows is the US dollar. This is because the BP group's major product, oil, is priced internationally in US dollars. The BP group's foreign currency exchange management policy is to limit economic and material transactional exposures arising from currency movements against the US dollar. The BP group co-ordinates the handling of foreign exchange risks centrally, by netting off naturally occurring opposite exposures wherever possible, and then dealing with any material residual foreign currency exchange risks. For highly probable forecast capital expenditures the group locks in the US dollar cost of non US dollar supplies by using currency forwards and futures.

Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies. Fluctuations in exchange rates can therefore give rise to foreign currency exchange exposures, with a consequent impact on underlying costs and revenues.

By Order of the Board



For and on behalf of  
Sunbury Secretaries Limited  
Company Secretary

5 September 2014

Registered Office:

Chertsey Road  
Middlesex  
TW16 7BP  
United Kingdom

## **BP OIL INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT**

#### **Directors**

The present directors are listed on page 1.

P J Reed, A H Haywood and C J Mendes served as directors throughout the financial year. Changes since 1 January 2013 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
J M Mies		1 February 2013
M J O'Sullivan	1 February 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 the 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 1.6) of the Large and Medium Companies and Group Regulations 2008 in the Strategic Report under Financial risk management.

#### **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.

#### **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 OIL INTERNATIONAL LIMITED**


**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

5 September 2014

Registered Office:

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

## **BP OIL INTERNATIONAL LIMITED**

### **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 OIL INTERNATIONAL LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**BP OIL INTERNATIONAL LIMITED**

We have audited the financial statements of BP Oil International Limited 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 16. 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the 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*

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

*9 September* 2014



**BP OIL INTERNATIONAL LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

		<u>2013</u>	<u>2012</u>
	Note	£000	£000
Turnover	2	81,630	82,081
Administration expenses		<u>(76,436)</u>	<u>(76,902)</u>
Profit on ordinary activities before investment income, interest and taxation		5,194	5,179
Interest payable and similar charges	4	(4,692)	(4,668)
Interest receivable and similar income	5	433	704
Profit before taxation		<u>935</u>	<u>1,215</u>
Taxation	6	-	-
Profit for the year		<u>935</u>	<u>1,215</u>

The profit of £935,126 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 profit for the year.

**BP OIL INTERNATIONAL LIMITED**

(Registered No. 00322365)

**BALANCE SHEET AT 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
<b>Current assets</b>			
Investments	8	-	-
Debtors	9	164,142	158,044
		164,142	158,044
<b>Creditors: amounts falling due within one year</b>	10	(25,932)	(20,769)
<b>Net current assets</b>		138,210	137,275
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		138,210	137,275
<b>NET ASSETS</b>		138,210	137,275
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	11	125,000	125,000
Profit and loss account	12	13,210	12,275
<b>SHAREHOLDERS' FUNDS – EQUITY INTERESTS</b>		138,210	137,275

The financial statements of BP Oil International Limited were approved for issue by the Board of Directors on 19 August 2014 and were signed on its behalf by:

  
C J Mendes  
Director

Carey Mendes  
Chief Risk Officer, IST

5 September 2014

## **BP OIL INTERNATIONAL LIMITED**

### **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. For details of other related party transactions see note 14.

##### **Revenue recognition**

Commissions associated with the company's performance under a contractual arrangement in place with a principal are included in sales and other operating revenues. Any amounts received or receivable from the customers that are payable to the principal are not recognised as revenue.

##### **Foreign currency transactions**

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

##### **Interest expense**

Interest costs 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.

##### **Trade and other debtors**

Trade and other debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

**BP OIL INTERNATIONAL LIMITED**

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

**1. Accounting Policies (continued)**

**Trade and other creditors**

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

**2. Turnover**

Turnover, which is stated net of value added tax, represents amounts invoiced to group companies. The country of origin and destination is substantially the UK geographic area. Turnover is attributable to one continuing activity, acting as an agent for group companies and includes the reimbursement of costs and an agency fee.

**3. Auditor's remuneration**

	<u>2013</u>	<u>2012</u>
	£000	£000
Fees for the audit of the company	<u>14</u>	<u>28</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 Oil International Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

**4. Interest payable and similar charges**

	<u>2013</u>	<u>2012</u>
	£000	£000
Interest expense payable to BP Finance p.l.c.	<u>4,692</u>	<u>4,668</u>

On 7 August 2009 and 1 October 2010, BP Finance p.l.c. (BPF) entered into Guarantee Agreements (the Agreements) with Standard Bank p.l.c. (SB) for all trading activities with the company. In respect of the Agreements, BPF unconditionally and irrevocably guarantees the full and prompt payment arranged by the company up to an aggregate maximum liability of £550,000,000 (the Amount). In consideration of the benefit to be gained by BP Oil International Limited from entering into the Agreements, the company shall pay BPF a Guarantee fee of 2.0 and 151.25 basis points respectively, payable yearly in arrears, for so long as the guarantees are outstanding.

As this interest payable expense relates solely to trading activities undertaken by BPI, this is on-charged in full.

**5. Interest receivable and similar income**

	<u>2013</u>	<u>2012</u>
	£000	£000
Interest income from group undertakings	433	621
Other interest: ICE Fund Interest	-	83
	<u>433</u>	<u>704</u>

**BP OIL INTERNATIONAL LIMITED**

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

**6. 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>
	£000	£000
Profit before taxation	935	1,215
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>

**7. 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 OIL INTERNATIONAL LIMITED**

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

**8. Investments**

	<u>Other Investments</u>
<b>Cost</b>	<b>£000</b>
At 1 January 2013	14,572
At 31 December 2013	<u>14,572</u>
<b>Impairment losses</b>	
At 1 January 2013	14,572
At 31 December 2013	<u>14,572</u>
<b>Net book amount</b>	
At 31 December 2013	<u>-</u>
At 31 December 2012	<u>-</u>

**9. Debtors**

	<u>2013</u>	<u>2012</u>
	Within	Within
	1 year	1 year
	£000	£000
Amounts owed by group undertakings	164,142	158,044
	<u>164,142</u>	<u>158,044</u>

**10. Creditors**

	<u>2013</u>	<u>2012</u>
	Within	Within
	1 year	1 year
	£000	£000
Amounts owed to group undertakings	25,932	20,769
	<u>25,932</u>	<u>20,769</u>

**11. Called up share capital**

	<u>2013</u>	<u>2012</u>
	£000	£000
Allotted, called up and fully paid:		
125,000,000 Ordinary shares of £1 each for a total	125,000	125,000
nominal value of £125,000,000	<u>125,000</u>	<u>125,000</u>

**BP OIL INTERNATIONAL LIMITED**

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

**12. Capital and reserves**

	Called up share capital	Profit and loss account	Total
	£000	£000	£000
At 1 January 2013	125,000	12,275	137,275
Profit for the year		935	935
At 31 December 2013	<u>125,000</u>	<u>13,210</u>	<u>138,210</u>

**13. Reconciliation of movements in shareholders' funds**

	2013	2012
	£000	£000
Profit for the year	935	1,215
Net increase in shareholders' funds	935	1,215
Shareholders' funds at 1 January	137,275	136,060
Shareholders' funds at 31 December	<u>138,210</u>	<u>137,275</u>

**14. 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.

**15. Pensions**

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

**16. 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 1 St James's Square, London, SW1Y 4PD.