

BP CYPRUS LIMITED**ANNUAL REPORT AND ACCOUNTS - 1994**

Board of Directors:- H T E Dewey
 P D Dixon
 G A Petrou
 D D S Robertson
 D G L White

REPORT OF THE DIRECTORS

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

Principal activity and review of business

The company buys, sells and otherwise deals in petroleum products in Cyprus. The high profit in 1994 is the result of self help actions taken by the company and one-off improvements in the price control system.

It is the intention that the above business of the company will continue for the foreseeable future.

Results and dividends

The profit for the year, after taxation, amounts to £3,177,732 before an interim dividend of £1,480,832. The resulting profit retained of £1,696,900 has been added to reserves brought forward at 1 January 1994 of £3,126,180, together with exchange gains of £246,848.

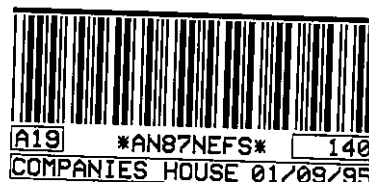
Directors

The present directors listed above have served throughout the financial year.

Directors' interests

The interests of the directors holding office on 31 December 1994, and their families, in the shares 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>
H T E Dewey	12,291	8,950
P D Dixon	4,102	3,544
G A Petrou	Nil	Nil
D D S Robertson	7,040	4,527
D G L White	15,512	16,285



BP CYPRUS LIMITED

Report of the Directors (cont'd)

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>
H T E Dewey	8,400	Nil
P D Dixon	12,000	Nil
G A Petrou	Nil	Nil
D D S Robertson	Nil	13,200
D G L White	Nil	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.


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

 (B. P. K. A.)
Secretary

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

10 August 1995

BP CYPRUS 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 CYPRUS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF BP CYPRUS LIMITED ACCOUNTS

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 5 and 6.

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.

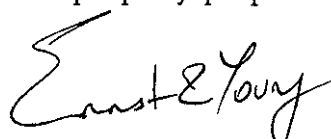
Basis of opinion

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

10 August 1995



BP CYPRUS LIMITED
ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of tangible fixed assets.

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 a wholly-owned subsidiary undertaking of its ultimate parent undertaking, The British Petroleum Company p.l.c.. Dividend income is reflected in the company's accounts when received.

Leases

Rentals in respect of operating leases are charged to profit and loss account as incurred.

Depreciation

Tangible fixed assets, other than freehold land, are depreciated on the straight line method over their estimated useful lives.

Stock valuation

Stocks are valued at the lower of cost, using the first-in, first-out method, and net realisable value after making due allowance for any obsolete or slow moving items.

Deferred taxation

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

Pensions and other retirement benefits

The cost of providing pensions and other retirement benefits is charged to income on a systematic basis, with pension surpluses and deficits amortised over the expected average remaining service lives of current employees. The difference between the amounts charged to income and contributions made to the pension and other retirement plans is included within debtors or creditors as appropriate.

Foreign currencies

The company maintains its accounting records in Cyprus pounds as this is its functional currency. These accounts have been prepared by translating those accounting records into sterling as follows:-

Assets and liabilities are translated to sterling at closing rates of exchange: the profit and loss account is translated at average rates of exchange.

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BP CYPRUS LIMITED

ACCOUNTING POLICIES (Continued)

Foreign Currency (continued)

Exchange differences resulting from restating opening net assets at closing rates of exchange, together with the difference between the profit and loss account translated at average rate and at closing rate 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.

BP CYPRUS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994**

	<u>Note</u>	<u>1994</u> Stg£	<u>1993</u> Stg£
Turnover	1	45,298,168	45,615,227
Cost of sales		35,041,971	37,618,763
Gross profit		10,256,197	7,996,464
Distribution costs		4,428,059	4,711,063
Administrative expenses		1,383,551	1,790,706
Other income	2	5,811,610 49,514	6,501,769 54,178
Operating profit	3	4,494,101	1,548,873
Profit on sale of operations	4	-	895,349
Restructuring costs	4	-	(768,000)
Loss on disposal of fixed assets	4	-	(23,438)
Profit before interest and tax		4,494,101	1,652,784
Interest expense	5	66,894	196,776
Profit before taxation		4,427,207	1,456,008
Taxation	6	1,249,475	121,399
Profit for the year		3,177,732	1,334,609
Dividend		(1,480,832)	(1,600,000)
Retained profit/(deficit) for the year		1,696,900	(265,391)

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

	<u>1994</u> Stg£	<u>1993</u> Stg£
Profit for the year	3,177,732	1,334,609
Currency translation differences	246,848	(514,493)
Total recognised gains and losses relating to the year	3,424,580	820,116

The profit for the year is not materially different from the result on an unmodified historical cost basis.

BP CYPRUS LIMITED**BALANCE SHEET AT 31 DECEMBER 1994**

	<u>Note</u>	<u>1994</u> <u>Stg£</u>	<u>1993</u> <u>Stg£</u>
Fixed assets			
Tangible assets	7	9,093,849	8,882,253
Investments	8	476,480	464,104
		<hr/> 9,570,329	<hr/> 9,346,357
Current assets			
Stocks	9	4,265,668	5,788,075
Debtors	10	4,434,325	5,022,046
Cash at bank and in hand		2,219,442	1,664,928
		<hr/> 10,919,435	<hr/> 12,475,049
Creditors - amounts falling due within one year:	11	9,580,277	12,524,743
Net current liabilities		<hr/> 1,339,158	<hr/> (49,694)
Total assets less current liabilities		<hr/> 10,909,487	<hr/> 9,296,663
Provision for liabilities and charges	6	(291,049)	39,875
Net assets		<hr/> 11,200,536	<hr/> 9,256,788
Represented by			
Capital and reserves			
Called up share capital	12	4,433,450	4,433,450
Revaluation reserve		219,420	219,420
Other reserves) 13	1,724,586	1,477,738
Profit and loss account)	4,823,080	3,126,180
Shareholders' interest		<hr/> 11,200,536	<hr/> 9,256,788

Director


 (J. ROBERTSON)

10 August 1995

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BP CYPRUS LIMITED**STATEMENT OF MOVEMENT ON RESERVES**

		<u>Other Reserves</u>			
	Revaluation reserve Stg£	Exchange reserve Stg£	Special reserve Stg£	General reserve Stg£	Profit and Loss account Stg£
At 1 January 1994	219,420	546,294	490,259	441,185	3,126,180
Exchange adjustment	-	246,848	-	-	-
Retained profit for the year	-	-	-	-	1,696,900
At 31 December 1994	219,420	793,142	490,259	441,185	4,823,080

RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share capital Stg£	Revaluation reserve Stg£	Other reserves Stg£	Profit and Loss account Stg£	Total Stg£
At 1 January 1993	4,433,450	219,420	1,992,231	3,391,571	10,036,672
Profit for the year	-	-	-	1,334,609	1,334,609
Exchange adjustment	-	-	(514,493)	-	(514,493)
Dividend	-	-	-	(1,600,000)	(1,600,000)
At 1 January 1994	4,433,450	219,420	1,477,738	3,126,180	9,256,788
Profit for the year	-	-	-	3,177,732	3,177,732
Exchange adjustment	-	-	246,848	-	246,848
Dividend	-	-	-	(1,480,832)	(1,480,832)
At 31 December 1994	4,433,450	219,420	1,724,586	4,823,080	11,200,536

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BP CYPRUS LIMITED**NOTES TO THE ACCOUNTS****1. Turnover**

Turnover, which is stated net of associated duties and taxes, comprised sales of petroleum products falling within the European geographic area.

2. Other income

	<u>1994</u> Stg£	<u>1993</u> Stg£
Income from shares in subsidiary undertakings	-	25,205
Other interest - parent and fellow subsidiary	8,911	8,476
- third party undertaking	40,603	20,497
	<u>49,514</u>	<u>54,178</u>

3. Operating profit

	<u>1994</u> Stg£	<u>1993</u> Stg£
This is stated after charging/(crediting)		
Depreciation	1,017,533	987,844
Auditors' remuneration		
Audit fees	17,533	19,020
Fees for other services	9,950	4,533
Exchange differences	(134,453)	163,181
Hire charges under operating leases:		
Land and buildings	495,740	367,457
Plant and machinery	12,756	13,831
	<u> </u>	<u> </u>

4. Exceptional items

	<u>1994</u> Stg£	<u>1993</u> Stg£
Profit on sale of operations	-	895,349
Restructuring costs	-	(768,000)
Loss on disposal of fixed assets	-	(23,438)
	<u> </u>	<u> </u>
	-	103,911
	<u> </u>	<u> </u>

BP CYPRUS LIMITED**NOTES TO THE ACCOUNTS****5. Interest Expense**

	<u>1994</u> Stg£	<u>1993</u> Stg£
Non group loans		
wholly repayable within five years	66,747	178,193
Group loans		
wholly repayable within five years	147	18,583
	<u>66,894</u>	<u>196,776</u>

6. Taxation

	<u>1994</u> £	<u>1993</u> £
UK Corporation tax	1,419,500	102,194
Overseas tax relief	(1,419,500)	(102,194)
Overseas tax - current year	1,573,499	102,194
- prior year adjustment	7,964	10,189
- deferred taxation	(331,988)	9,016
	<u>1,249,475</u>	<u>121,399</u>

United Kingdom Taxation

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

The amount not provided by the company for deferred UK taxation at 31 December 1994 of Stg£539,000 (1993 Stg£551,000) comprises tax at 33% on timing differences principally between the accounting and tax treatment of:

	<u>1994</u> Stg£	<u>1993</u> Stg£
Depreciation	593,000	486,000
Revaluation of assets	52,000	65,000
Other timing differences	(106,000)	-
	<u>539,000</u>	<u>551,000</u>

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BP CYPRUS LIMITEDNOTES TO THE ACCOUNTS**6. Taxation (continued)**

If provision for UK deferred taxation had been made in the accounts on the basis of the gross potential liability there would have been a credit for the year of £12,000 (1993 £334,000 charge).

Overseas taxation

Deferred taxation has been provided in the accounts comprising tax on short term timing differences as follows:

	<u>1994</u>	<u>1993</u>
	£	£
At 1 January	39,875	32,797
Exchange adjustments	1,064	(1,938)
Provided/(credited) for year	(33,321)	9,016
Provided re PNBS	(298,667)	-
	<hr/>	<hr/>
Balance at 31 December	(291,049)	39,875
	<hr/>	<hr/>

Deferred taxation has not been provided in respect of capital gains tax arising on revaluation of assets amounting to Stg£Nil (1993 Stg£58,000). If provision had been made on the basis of the gross potential liability there would have been a charge for the year of Stg£58,000 (1993 -a charge of Stg£22,000).

BP CYPRUS LIMITED**NOTES TO THE ACCOUNTS****7. Tangible assets**

	<u>Land and buildings</u> Stg£	<u>Plant and Machinery</u> Stg£	<u>Assets under Construction</u> Stg£	<u>Total</u> Stg£
Cost or valuation				
At 1 January 1994	5,322,047	7,668,158	234,714	13,224,919
Exchange adjustments	141,921	204,485	6,260	352,666
Additions	307,308	881,884	250,785	1,439,977
Transfers	13,300	51,192	-	(453,219)
Deletions	-	(453,219)	-	(453,219)
At 31 December 1994	5,784,576	8,352,500	427,267	14,564,343
Depreciation				
At 1 January 1994	1,267,183	3,075,483	-	4,342,666
Exchange adjustments	33,792	82,013	-	115,805
Charge for the year	268,974	748,689	-	1,017,663
Deletions	-	(5,640)	-	(5,640)
At 31 December 1994	1,569,949	3,900,545	-	5,470,494
Net book amount				
At 31 December 1994	4,214,627	4,451,955	427,267	9,093,849
At 31 December 1993	4,054,864	4,592,675	234,714	8,882,253
Rates of depreciation :	Buildings - Freehold	2 1/2% - 5%		
	Buildings - Short lease	10%		
	Other assets	10% - 20%		

A revaluation of all fixed assets other than those in territories occupied by Turkish forces was carried out as at 1 January, 1987. Land was revalued by an independent professional valuer and other fixed assets by the company by using appropriate cost indices.

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BP CYPRUS LIMITED**NOTES TO THE ACCOUNTS****7. Tangible assets (cont'd)**

Had no revaluation taken place the comparative historical cost position of total assets as at 31 December, 1994 would have been as follows:

	<u>Cost or valuation</u> Stg£	<u>Historical Cost</u> Stg£
Cost	14,564,343	13,224,919
Depreciation	(5,470,493)	(4,342,666)
	<u> </u>	<u> </u>
Net book amount	9,093,850	8,882,253
	<u> </u>	<u> </u>

Included within above assets:

	Stg£
(a) Freehold land at net book amount	
At 31 December, 1994	2,341,235
	<u> </u>
At 31 December, 1993	2,280,423
	<u> </u>

(b) Freehold land, buildings and other assets which are in territories occupied by Turkish forces following the invasion of Cyprus in July, 1974.

The ultimate effect of occupation on the value of these assets is unknown.

	Cost Stg£	Depreciation Stg£	Net £Stg£
At 31 December 1994	343,493	336,833	6,660
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1993	412,591	405,844	6,747
	<u> </u>	<u> </u>	<u> </u>

8. Fixed Assets - Investments

	Shares in Subsidiary Undertakings Stg£
Cost	
At 1 January 1994	464,104
Exchange adjustments	12,376
Deletions	-
	<u> </u>
At 31 December 1994	476,480
	<u> </u>

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BP CYPRUS LIMITED**NOTES TO THE ACCOUNTS****8. Fixed Assets - Investments (continued)**

	Stg£
Provisions	
At 1 January 1994	-
Exchange adjustments	-
Deletions	-
	<hr/>
At 31 December 1994	-
	<hr/>
Net book amount	
At 31 December 1994	476,480
	<hr/>
At 31 December 1993	464,104
	<hr/>

Details of the investment in the subsidiary undertaking, which is unlisted, is as follows:-

	No of Founders shares	No of CY £1 Ordinary shares	% of Ordinary shares	Country of Incorporation	Principal activities
Superlube Ltd	510	356,850	65	Cyprus	Blending of lubricating oils

In the opinion of the directors the value of the investment in the subsidiary undertaking is not less than the amount at which it is stated in the accounts.

9. Stocks

	<u>1994</u> Stg£	<u>1993</u> Stg£
Stocks - Petroleum	4,184,856	5,732,839
Stores	80,812	55,236
	<hr/>	<hr/>
	4,265,668	5,788,075
	<hr/>	<hr/>

The replacement cost of stocks is not materially different from the amounts shown above.

10. Debtors - amounts falling due within one year

	<u>1994</u> Stg£	<u>1993</u> Stg£
Trade	1,507,853	1,174,291
Prepayments and accrued income	130,628	128,852
Stores	2,795,844	3,718,903
Other	<hr/>	<hr/>
	4,434,325	5,022,046
	<hr/>	<hr/>

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BP CYPRUS LIMITED**NOTES TO THE ACCOUNTS****11. Creditors - amounts falling due within one year**

	<u>1994</u>	<u>1993</u>
	Stg£	Stg£
Bank loans and overdrafts	1,200,749	1,908,670
Trade	2,408,137	4,223,416
Parent undertaking	2,846,856	4,630,827
Subsidiary undertaking	18,605	294,255
Accruals and deferred income	467,571	560,991
Other creditors	2,383,355	825,301
Overseas taxation	255,004	81,283
	<u>9,580,277</u>	<u>12,524,743</u>

The above bank loans and overdrafts are all short term, repayable within one year.

12. Called up Share Capital

	<u>1994</u>		<u>1993</u>	
	Ordinary Shares	Stg£	Ordinary Shares	Stg£
Authorised, allotted and fully paid shares of £10 each	443,345	4,433,450	443,345	4,433,450

13. Distributable reserves

Included within other reserves and profit and loss account totalling Stg£547,666 at 31 December 1994 (1993 Stg£4,603,918) are distributable reserves amounting to Stg£5,754,524 (1993 Stg£4,057,624).

14. Contingent Liability

On the basis of the Petroleum Bulk Transport agreement which was terminated mid 1992, the contractors K & M (Transport) Co. Ltd advanced various claims against the Company. The claims amount approximately to a total sum of £166,666. The claims are denied and rejected by the Company.

15. Lease commitments

	<u>1994</u>	<u>1994</u>	<u>1993</u>	<u>1993</u>
	Land and Buildings Stg£	Other Stg£	Land and Buildings Stg£	Other Stg£
Annual commitments under operating leases expiring within:				
1 year	61,741	10,483	34,122	9,740
2 to 5 years	115,856	4,296	126,907	3,731
Thereafter	183,107	-	186,365	-
	<u>360,704</u>	<u>14,779</u>	<u>347,394</u>	<u>13,471</u>

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BP CYPRUS LIMITED**NOTES TO THE ACCOUNTS****16. Capital commitments**

Authorised future capital expenditure is estimated at Stg£666,667 (1993 Stg £779,000) for which no contracts have yet been placed.

17. Directors and Employees

	<u>1994</u> Stg£	<u>1993</u> Stg£
Employee costs:		
Salaries and wages	1,426,012	1,712,136
Social insurance costs	123,968	133,447
Pension costs	370,387	255,348
End of service lump sum benefits	74,835	113,283
	<u>1,995,202</u>	<u>2,214,214</u>
	<u>1994</u>	<u>1993</u>
Average employee numbers (all non-UK):		
Distribution and marketing	43	43
Administration	16	16
	<u>59</u>	<u>59</u>
	<u>1994</u>	<u>1993</u>
Directors' emoluments	Stg£	Stg£
Directors' remuneration paid in respect of 3 directors with overseas service contracts	65,260	180,025

The remaining directors received no remuneration for services to this company.

18. Pensions

The company contributes to a staff pension scheme in respect of its operations in Cyprus, which is of the defined benefit type. The charge to the profit and loss account for the year is Stg£ 370,387 (1993 Stg£255,348).

19. 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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