

**BP GAS MARKETING LIMITED**

**ANNUAL REPORT AND ACCOUNTS 1996**

**(Registered in England and Wales No 908982)**



**BP GAS MARKETING LIMITED**  
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**ANNUAL REPORT AND ACCOUNTS 1996**

Board of Directors:     Dr A B Hayward  
                                 Mr A M Jones  
                                 Ms A C Quinn

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**REPORT OF THE DIRECTORS**

The directors present their report and accounts for the year ended 31 December 1996.

**Principal activity**

The company's principal activity during the year was the purchase and sale of BP Equity gas into the Commercial and Industrial and Spot markets.

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

**Review of the business**

Until 31 July 1996 the principal activity of BP Gas Marketing Limited was the purchase from a fellow subsidiary undertaking of equity gas from the Bruce field and subsequent resale to a third party. On 31 July 1996 the company acquired part of the business of Alliance Gas Limited, an associated undertaking involved in the sale, purchase and distribution of natural gas. In the view of the Directors the losses incurred during 1996 are short term and they anticipate that the company will trade profitably in 1997.

**Results**

The loss for the year, after tax, of £8,315k when added to the deficit brought forward at 1 January 1996 of £496k give a total deficit carried forward at 31 December 1996 of £8,811k. The directors do not propose payment of a final dividend.

**Directors**

Mr G D Bourne and Mr S Weston served as directors throughout the financial year. Mr G C Greve was appointed as an additional director on 12 March 1996 and Ms A C Quinn was appointed as an additional director on 31 July 1996.

Mr Greve resigned as a director of the company on 1 July 1997 and Mr Bourne and Mr Weston ceased to be directors on 31 August 1997. Dr A B Hayward and Mr A M Jones were appointed as directors on 1 September 1997.

**Directors' interests**

The interests of the directors holding office at 31 December 1996, and their families, in the 25p ordinary shares of The British Petroleum Company plc, the ultimate parent undertaking, were as set out below:

	<u>31 December 1996</u>	<u>1 January 1996</u> <u>or date of appointment</u>
G D Bourne	5,611	4,484
G C Greve	31,992	69,864
A C Quinn	6,568	5,930
S Weston	16,937	16,460

**BP GAS MARKETING LIMITED**

**REPORT OF THE DIRECTORS**

**Directors' interests (continued)**

In addition, rights to subscribe for 25p ordinary shares in The British Petroleum Company plc were granted to, or exercised by, those directors between 1 January 1996, or date of appointment, and 31 December 1996 as follows:

	<u>Granted</u>	<u>Exercised</u>
G D Bourne	Nil	16,800
G C Greve	Nil	44,100
A C Quinn	Nil	Nil
S Weston	4,800	Nil

No director had any interest in the shares or debentures of subsidiary undertakings of The British Petroleum Company plc at 31 December 1996.

**Policy with respect of payment of suppliers**

It is the company's policy to follow the CBI's prompt code of practice for all suppliers to the company. A copy of the code of practice may be obtained from the CBI.

**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



**R C Cumming**  
Secretary

Registered Office  
Britannic House  
1 Finsbury Circus  
LONDON  
EC2M 7BA

24 October 1997

## **BP GAS MARKETING 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 unless it is inappropriate to presume that the company will continue in business.

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 1995. 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, as they have a reasonable expectation that the company has, or has access within the BP Group to, adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the company's accounts.

**BP GAS MARKETING LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF BP GAS MARKETING LIMITED**

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

**Respective responsibilities of directors and auditors**

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

**Basis of opinion**

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

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

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1996 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

**Ernst & Young**  
Chartered Accountants  
Registered Auditor  
LONDON

24 October 1997

**BP GAS MARKETING LIMITED**

**ACCOUNTING POLICIES**

**Accounting convention**

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

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

**Deferred taxation**

Deferred taxation is calculated, using the liability method, in respect of timing differences arising primarily from the different accounting and tax treatment of depreciation and petroleum revenue tax. Provision is made for recovery anticipated where timing differences are expected to reverse in the foreseeable future.

**BP GAS MARKETING LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>Note</u>	1996 <u>£'000</u>	1995 <u>£'000</u>
<b>Turnover</b>	1	124,309	16,571
Cost of sales		(109,691)	(16,434)
		<hr/>	<hr/>
<b>Gross profit</b>		14,618	137
Distribution expenses		(16,975)	-
Administration expenses		(6,031)	-
Other income	2	72	154
		<hr/>	<hr/>
		(8,316)	291
Interest receivable		2	-
Interest payable		(1)	-
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		(8,315)	291
Taxation	3	-	-
		<hr/>	<hr/>
<b>Retained (loss)/profit for the year</b>		<u>(8,315)</u>	<u>291</u>

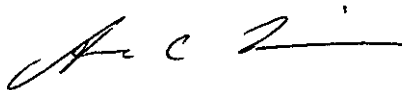
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

There are no gains or losses attributable to the shareholders of the company other than the loss of £8,315k for the year ended 31 December 1996 (1995: profit of £291k).

**BP GAS MARKETING LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1996**

	<u>Note</u>	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
<b>Current assets</b>			
Debtors	5	136,452	43,334
<b>Cash at bank and in hand</b>		611	-
<b>Creditors - amounts falling due within one year</b>	6	(144,322)	(42,278)
		<hr/>	<hr/>
<b>SHAREHOLDERS' INTEREST</b>		<u>(7,259)</u>	<u>1,056</u>
<b>Represented by:</b>			
<b>Capital and reserves</b>			
Called up share capital	7	1,000	1,000
Share premium account	8	552	552
Reserves	8	(8,811)	(496)
		<hr/>	<hr/>
		<u>(7,259)</u>	<u>1,056</u>



A C Quinn, Director  
24<sup>th</sup> October 1997



**BP GAS MARKETING LIMITED**

**NOTES TO THE ACCOUNTS**

**1. Turnover**

Turnover is attributable to one continuing activity, the selling of gas purchased for resale, stated net of value added tax where applicable. The country of origin and destination is the UK.

**2. Other income**

	1996	1995
	<u>£'000</u>	<u>£'000</u>
Other interest and miscellaneous	72	154
	=====	=====

**3. 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. No corporation tax liability arises owing to the availability of group relief.

No provision for deferred taxation is required.

**4. Directors and employees**

Remuneration of directors

None of the directors received any fees or remuneration from the company during the financial year (1995 £Nil).

The company does not directly employ any staff.

**5. Debtors**

	1996	1995
	Within	Within
	1 year	1 year
	<u>£'000</u>	<u>£'000</u>
Trade	12,764	1,453
Fellow subsidiary undertakings	63,056	41,881
Prepayments and accrued income	60,632	-
	=====	=====
	136,452	43,334

**BP GAS MARKETING LIMITED**

**NOTES TO THE ACCOUNTS**

**6. Creditors - amounts falling due within one year**

	1996 Within 1 year <u>£'000</u>	1995 Within 1 year <u>£'000</u>
Trade	9,612	321
Parent and fellow subsidiary undertakings	68,067	41,957
Other taxation and social security	6,292	-
Accruals and deferred income	55,474	-
Other creditors	4,877	-
	<u>144,322</u>	<u>42,278</u>

The amounts owing to the parent and fellow subsidiary undertakings are not subject to any fixed repayment terms.

**7. Called up share capital**

	1996 <u>£'000</u>	1995 <u>£'000</u>
Authorised share capital 12,500,000 ordinary shares of 10p each	<u>1,250</u>	<u>1,250</u>
Issued, fully paid: 10,001,000 ordinary shares of 10p each	<u>1,000</u>	<u>1,000</u>

On the 31 July 1996, 1,000 ordinary shares of 10p each were issued fully paid at par in connection with a restructuring of a group investment in an associate undertaking.

## **BP GAS MARKETING LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **8. Reconciliation of shareholders' funds and movements on reserves**

	Share capital £'000	Share premium £'000	Profit & Loss account £'000	Total £'000
At 1 January 1995	1,000	552	(787)	765
Profit for the year	-	-	291	291
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1996	1,000	552	(496)	1,056
(Loss) for the year	-	-	(8,315)	(8,315)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	<u>1,000</u>	<u>552</u>	<u>(8,811)</u>	<u>(7,259)</u>

#### **9. Contingent liabilities**

There were no contingent liabilities at 31 December 1996 in respect of guarantees and indemnities entered into as part of, and claims arising from, the ordinary course of the company's business, upon which no material losses are likely to arise.

#### **10. Related party transactions**

The company has taken advantage of the exemptions contained within FRS8, and does not disclose transactions with group companies.

#### **11. Pensions**

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

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

#### **13. Group support**

The directors of the company's parent undertaking have confirmed that it will continue to provide financial support to all those companies which have liabilities in excess of their total assets while the said companies remain as its subsidiaries.