

BP MARINE LIMITED
(Registered No 01214291)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors J J Carey
P A Chappell
D C Goosey
C T Widner

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation was \$67,919,000 which, when added to the retained profit brought forward at 1 January 2012 of \$81,323,000 together with total paid interim dividends to ordinary shareholders of \$70,000,000 gives a total retained profit carried forward at 31 December 2012 of \$79,242,000

During the year the company has declared and paid dividends of \$70,000,000 (2011 \$200,000,000)
The directors do not propose the payment of a final dividend

Principal activity and review of the business

The company is engaged in the supply and selling of marine lubricants products. It also provided back office support services to international marine businesses within the BP group

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

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
	\$000	\$000	%
Turnover	765,506	940,259	(19)
Operating profit	68,402	45,674	50
Profit after taxation	67,919	45,218	50
Shareholders' funds	157,082	159,163	(1)
	<u>2012</u>	<u>2011</u>	<u>Variance</u>
	%	%	%
Quick ratio*	282	226	56

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

In April 2012 the company completed the migration of the international fuels business to another group undertaking. In 2011 the international fuels business contributed approximately 10% of the company's turnover (2010 18%). This has been included within discontinued operations – refer to note 3

Turnover decreased during the year owing to the sale of the company's international fuels business, as mentioned above, and lower lubricants volumes. The increase in operating profit and margin was driven by sales prices and a reduction in logistic costs from lower volumes

The improvement in the quick ratio is primarily explained by improvements in the company's working capital processes and again the transfer of the international fuels business mentioned above



BP MARINE LIMITED

REPORT OF THE DIRECTORS

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 occur 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, safety and operational, and financial risk management. In addition, we have also set out a further category of risk for your attention – those resulting from the 2010 Gulf of Mexico oil spill (the Incident).

Gulf of Mexico oil spill

The Gulf of Mexico oil spill 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 Marine Limited.

Whilst the BP group recognised significant charges in the income statement since the Incident occurred in 2010, there is significant uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the Incident, the potential changes in applicable regulations and the operating environment that may result from 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 that become payable by the BP group, the amount of fines ultimately levied on the BP group (including 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.

Although the provisions recognised represent the current best estimates of expenditures required to settle certain present obligations that can be reasonably estimated at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligations reliably and the total amounts payable by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty. These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause costs to increase. 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 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 2012.

BP MARINE LIMITED
REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Strategic and commercial risks

Prices and markets

Oil, gas and product prices are subject to international supply and demand. Political developments and the outcome of meetings 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. In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to further reviews for impairment of the company's oil and natural gas properties. Such reviews would reflect management's view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on the company's results of operations in the period in which it occurs. Rapid material or sustained change in oil, gas and product prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived from those decisions may no longer be appropriate.

Periods of global recession could impact the demand for the company's products, the prices at which they can be sold and affect the viability of the markets in which the company operates.

Governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry, including the risk of increased taxation, nationalisation and expropriation.

The global financial and economic situation may have a negative impact on third parties with whom the company does, or may do, business with. In particular, on-going instability in or a collapse of the Eurozone could trigger a new wave of financial crises and push the world back into recession, leading to lower demand and lower oil and gas prices.

Competition

The company's strategy depends upon continuous innovation in a highly competitive market.

The oil, gas and petrochemicals industries are highly competitive. There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home. Competition puts pressure on the terms of access to new opportunities, licence costs and product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency, while ensuring safety and operational risk is not compromised. The implementation of the BP group strategy requires continued technological advances and innovation including advances in exploration, production, refining, petrochemicals manufacturing technology and advances in technology related to energy usage. The company's performance could be impeded if competitors developed or acquired intellectual property rights to technology that it required or if its innovation lagged the industry, or by its failure to adequately protect the company's brands and trademarks. The company's competitive position could be adversely affected if it fails to control its operating costs or manage its margins, or if it fails to sustain, develop and operate efficiently a high quality portfolio of assets.

BP MARINE LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Compliance and control risks

Ethical misconduct and non-compliance

The code of conduct, which applies to all employees, defines the company's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions the company expects of its businesses and people wherever it operates. The values are intended to guide the way the company and its employees behave and do business. Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to the company's reputation and shareholder value. Multiple events of non-compliance could call into question the integrity of the company's operations.

Liabilities and provisions

The BP group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they 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 2012.

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.

Safety and operational risks

Process safety, personal safety and environmental risks

The nature of the company's operations exposes it to a wide range of significant health, safety, security and environmental risks. The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of the company's activities. In addition, in many of the company's major projects and operations, risk allocation and management is shared with third parties, such as contractors, sub-contractors, joint venture partners and associates.

There are risks of technical integrity failure as well as risk of natural disasters and other adverse conditions in many of the areas in which the company operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents.

Security

Security threats require continuous oversight and control. Acts of terrorism, piracy, sabotage, cyber-attacks and similar activities directed against the company's operations and offices, pipelines, transportation or computer systems could cause harm to people and could severely disrupt business and operations. The company's business activities could also be severely disrupted by, amongst other things, conflict, civil strife or political unrest in areas where the company operates.

Product quality

Supplying customers with on-specification products is critical to maintaining the company's licence to operate and its reputation in the marketplace. Failure to meet product quality standards throughout the value chain could lead to harm to people and the environment and loss of customers.

BP MARINE LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management

The main financial risks faced by the company through its normal business activities are market risk, foreign currency exchange risk, and credit risk. 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. This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The management of such risks is performed at BP group level. The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures. In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes.

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 exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar. The 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 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 exchange exposures, with a consequent impact on underlying costs and revenues.

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company. It arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. The management of such risks is performed at BP group level. The group has a credit policy, approved by the CFO, which is designed to ensure that consistent processes are in place throughout the group to measure and control credit risk. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract the extent to which the arrangement exposes the group to credit risk is considered. Before trading with a new counterparty can start, its creditworthiness is assessed and a credit rating allocated that indicates the probability of default, along with a credit exposure limit. Creditworthiness continues to be evaluated after transactions have been initiated and a watch list of higher-risk counterparties is maintained.

BP MARINE LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

Credit risk (continued)

Commercial credit risk is measured and controlled to determine the company's total credit risk. Inability to determine adequately the company's credit exposure could lead to financial loss. A credit crisis affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to the company. It could also affect the company's ability to raise capital to fund growth and to meet its obligations.

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

The present directors are listed on page 1.

J J Carey and P A Chappell served as a director throughout the financial year. Changes since 1 January 2012 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
L Tedesco	-	31 October 2012
C T Widner	15 June 2012	-
D C Goosey	1 November 2012	-

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms. A copy of the code of practice may be obtained from the CBI.

The number of days' purchases represented by trade creditors at the year-end was 32.

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 MARINE LIMITED

REPORT OF THE DIRECTORS

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

09 August 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP MARINE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing 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 MARINE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP MARINE LIMITED

We have audited the financial statements of BP Marine Limited for the year ended 31 December 2012 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 19. 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 8, 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. 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 2012 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 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

15 August 2013

BP MARINE LIMITED
ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Marine Limited were approved for issue by the Board of Directors on
5 August 2013

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention.

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Revenue recognition

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes

Foreign currency transactions

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

Capitalisation of finance costs and interest

Interest costs are not capitalised and are charged in the profit and loss account in the year in which it is incurred

Tangible fixed assets

Tangible fixed 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 operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, 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 fixed assets

Other tangible assets, with the exception of freehold land and assets under construction, are depreciated on the straight line method over their estimated useful lives

BP MARINE LIMITED
ACCOUNTING POLICIES

Stock valuation

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

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.

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.

BP MARINE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 Continuing operations \$000	2012 Discontinued operations \$000	2012 Total \$000	2011 Total \$000
Turnover	1	747,028	18,478	765,506	940,259
Cost of sales		<u>(561,299)</u>	<u>(17,382)</u>	<u>(578,681)</u>	<u>(751,765)</u>
Gross profit		185,729	1,096	186,825	188,494
Distribution and marketing expenses		(106,703)	(1,540)	(108,243)	(131,888)
Administration expenses		<u>(10,079)</u>	<u>(101)</u>	<u>(10,180)</u>	<u>(10,932)</u>
Operating loss / profit		68,947	(545)	68,402	45,674
Profit on ordinary activities interest and taxation	2	<u>68,947</u>	<u>(545)</u>	<u>68,402</u>	<u>45,674</u>
Interest payable and similar charges	5			(287)	(410)
Profit before taxation				<u>68,115</u>	<u>45,264</u>
Taxation	6			<u>(196)</u>	<u>(46)</u>
Profit for the year				<u>67,919</u>	<u>45,218</u>

The profit of \$67,919,000 for the year ended 31 December 2012 was derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012

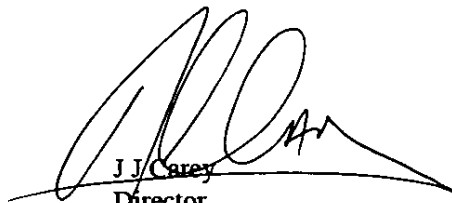
There are no recognised gains or losses attributable to the shareholders of the company other than the profit for the year.

BP MARINE LIMITED
(Registered No 01214291)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	<u>2012</u> \$000	<u>2011</u> \$000
Fixed assets			
Tangible assets	8	<u>5,099</u>	<u>3,465</u>
Current assets			
Stocks	9	3,784	7,764
Debtors – amounts falling due			
within one year	10	226,257	260,220
after one year	10	<u>2,245</u>	<u>2,667</u>
		232,286	270,651
 Creditors: amounts falling due within one year	11	<u>(80,303)</u>	<u>(114,953)</u>
 Net current assets		<u>151,983</u>	<u>155,698</u>
 NET ASSETS		<u>157,082</u>	<u>159,163</u>
 Represented by			
Capital and reserves			
Called up share capital	13	77,840	77,840
Profit and loss account	14	79,242	81,323
 SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>157,082</u>	<u>159,163</u>

On behalf of the Board


J J Carey
Director
09 August 2013

BP MARINE LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, customs duties and sales taxes represents amounts invoiced to third parties

An analysis of turnover by geographical market is given below.

	<u>2012</u>	<u>2011</u>
	\$000	\$000
By geographical area		
UK	38,187	121,177
Rest of Europe	215,465	256,872
USA	80,818	91,490
Rest of World	431,036	470,720
Total	<u>765,506</u>	<u>940,259</u>

Turnover is attributable to one continuing activity, the production and selling of petroleum products

2. Profit on ordinary activities before interest and taxation

This is stated after charging:

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Hire charges under operating leases:		
Barge charters	1,122	5,382
Currency exchange loss	3,084	2,048
Depreciation of owned fixed assets	<u>258</u>	<u>201</u>

3. Corresponding figures

The analysis between continued and discontinued operations for the year ended 31 December 2011 is shown below. No further activities were discontinued during the year ended 31 December 2012

	<u>2011</u>	<u>2011</u>	<u>2011</u>
	Continuing operations \$000	Discontinued operations \$000	Total \$000
Turnover	840,311	99,948	940,259
Cost of sales	(657,869)	(93,896)	(751,765)
Gross Profit	<u>182,442</u>	<u>6,052</u>	<u>188,494</u>
Distribution and marketing expenses	(128,203)	(3,685)	(131,888)
Administration expenses	(10,600)	(332)	(10,932)
Profit on ordinary activities before interest and tax	<u>43,639</u>	<u>2,035</u>	<u>45,674</u>

BP MARINE LIMITED**NOTES TO THE ACCOUNTS****4. Auditor's remuneration**

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Fees for the audit of the company	<u>58</u>	<u>52</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 Marine Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis

5. Interest payable and similar charges

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Interest expense on loans from group undertakings	<u>287</u>	<u>410</u>

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>2012</u>	<u>2011</u>
	\$000	\$000
Profit before taxation	68,115	45,264
Current taxation	(196)	(46)
Effective current tax rate	0%	0%
	<u>2012</u>	<u>2011</u>
	%	%
UK statutory corporation tax rate	24	26
Decrease resulting from		
Fixed asset timing differences	(1)	(1)
Group relief	(23)	(25)
Effective current tax rate	<u>-</u>	<u>-</u>

BP MARINE LIMITED

NOTES TO THE ACCOUNTS

7. Directors and employees

(a) Remuneration of directors

The total remuneration for all serving directors for their period of directorship to the company amounted to \$757,000 (2011 \$573,000). 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.

Three directors were members of the defined benefit section of the BP Pension Fund at 31 December 2012 (2011 Two).

The highest paid director received \$346,000 (2011 \$371,000). The accrued pension of the highest paid director at 31 December 2012 was \$53,000 (2011 \$58,000). The highest paid director exercised share options over BP plc shares during the year.

None of the directors exercised share options over BP plc shares during the year (2011 None).

(b) Employee costs

The company had no employees during the year (2011 Nil).

8. Tangible assets

	Land & buildings	Fixtures & fittings	Plant & machinery	Total	Of which AUC*
Cost	\$000	\$000	\$000	\$000	\$000
At 1 January 2012	132	4,518	113	4,763	2,581
Additions	-	1,892	-	1,892	1,319
Disposals	(132)	(647)	(113)	(892)	-
Transfers	-	-	-	-	(237)
At 31 December 2012	-	5,763	-	5,763	3,663
Depreciation and impairment					
At 1 January 2012	132	1,053	113	1,298	-
Charge for the year	-	258	-	258	-
Disposals	(132)	(647)	(113)	(892)	-
Transfers	-	-	-	-	-
At 31 December 2012	-	664	-	664	-
Net book value					
At 31 December 2012	-	5,099	-	5,099	3,663
At 31 December 2011	-	3,465	-	3,465	2,581
Principal rates of depreciation	-	20%	20%		

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

BP MARINE LIMITED

NOTES TO THE ACCOUNTS

9. Stocks

	2012	2011
	<u>\$000</u>	<u>\$000</u>
Finished goods and goods for resale	<u>3,784</u>	<u>7,764</u>

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

10. Debtors

	2012	2012	2011	2011
	Within	After	Within	After
	1 year	1 year	1 year	1 year
	\$000	\$000	\$000	\$000
Trade debtors	121,539	-	154,366	-
Amounts owed by group undertakings	86,010	-	86,444	-
Other debtors	2,857	-	2,865	-
Prepayments and accrued income	<u>15,851</u>	<u>2,245</u>	<u>16,545</u>	<u>2,667</u>
	<u>226,257</u>	<u>2,245</u>	<u>260,220</u>	<u>2,667</u>

11. Creditors

	2012	2011
	Within	Within
	1 year	1 year
	\$000	\$000
Trade creditors	3,867	3,022
Amounts owed to group undertakings	55,584	90,502
Other creditors	4	8
Accruals and deferred income	20,848	21,400
Bank overdraft	<u>-</u>	<u>21</u>
	<u>80,303</u>	<u>114,953</u>

12. Obligations under leases

Annual commitments under non-cancellable operating leases are set out below

	2012	2011
	Other	Other
	\$000	\$000
Operating leases which expire.		
Within 1 year	-	1,341
Between 2 to 5 years	-	-
Thereafter	<u>-</u>	<u>-</u>

BP MARINE LIMITED**NOTES TO THE ACCOUNTS****13. Called up share capital**

	2012	2011
	<u>\$000</u>	<u>\$000</u>
Allotted, called up and fully paid		
43,086,222 Ordinary shares of £1 each for a total nominal value of £43,086,222	77,840	77,840

14. Capital and reserves

	Called up share capital	Profit and loss account	Total
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
At 1 January 2012	77,840	81,323	159,163
Profit for the year	-	67,919	67,919
Dividends – current year interim paid	-	(70,000)	(70,000)
At 31 December 2012	<u>77,840</u>	<u>79,242</u>	<u>157,082</u>

In 2012 the company paid interim ordinary dividends of \$70,000,000 (2011 \$200,000,000). The dividend per share was \$1 62 (2011 dividend per share \$4 64)

15. Reconciliation of movements in shareholders' funds

	2012	2011
	<u>\$000</u>	<u>\$000</u>
Profit for the year	67,919	45,218
Dividends – current year interim paid	(70,000)	(200,000)
Net decrease in shareholders' funds	(2,081)	(154,782)
Shareholders' funds at 1 January	159,163	313,945
Shareholders' funds at 31 December	<u>157,082</u>	<u>159,163</u>

16. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions entered into with group companies. There were no other related party transactions in the year.

17. Pensions

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

18. Comparative figures

Certain prior year figures have been reclassified to conform to the 2012 presentation. This had no impact on the profit and loss for the year or net assets.

BP MARINE LIMITED

NOTES TO THE ACCOUNTS

19. 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.