BP EASTERN MEDITERRANEAN LIMITED
(Registered No.02239062)

ANNUAL REPORT AND ACCOUNTS 2013

Board of Directors: D I Gilmour
D C Goosey
C Lambrou
L P Waterman

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

STRATEGIC REPORT

Results

The loss for the year after taxation was €166,248 which, when added to the retained profit brought forward at 1 January 2013 of €4,989,969 together with an actuarial gain taken directly to reserves of €8,723 respectively, gives a total retained profit carried forward at 31 December 2013 of €4,832,444.

Principal activity and review of the business

The company is engaged in the purchasing and selling of petroleum products in Cyprus. It also provides services to other group undertakings within the BP group. The company has a branch operating in Cyprus.

The presentational currency has been changed from pound sterling to euros to be aligned with the functional currency which remains unchanged.

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

	2013	2012	Variance
	€	€	%
Turnover	82,204,020	128,678,647	(36)
Operating (loss) / profit	(39,880)	3,322,389	(101)
(Loss) / profit after taxation	(166,248)	2,862,910	(106)
Shareholders' funds	11,210,242	11,367,767	(1)

	2013	2012	Variance
	%	%	
Quick ratio*	136	144	(7)

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

The main factors contributing to the decreased turnover and operating profit is the decrease in sales volume of aviation fuel and lubricants.

The Shareholders' funds has decreased due to the loss for the year.

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 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 Eastern Mediterranean 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.

Strategic and commercial risks

Prices and markets
Oil, gas 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, gas 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, gas 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.

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Prices and markets (continued)
Refining profitability can be volatile, with both periodic over-supply and supply tightness in various regional markets, coupled with fluctuations in demand. Sectors of the petrochemicals industry are also subject to fluctuations in supply and demand, with a consequent effect on prices and profitability.

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.

Climate change and carbon pricing
Compliance with changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, taxes, reduced profitability from changes in operating costs, potential restrictions on the commercial viability of, or the company's ability to progress, upstream resources and reserves, and impacts on revenue generation and strategic growth opportunities.

Geopolitical
The diverse nature of the company's operations around the world exposes it to a wide range of political developments and consequent changes to the operating environment, regulatory environment and law.

The company has operations, and are seeking new opportunities, in countries and regions where political, economic and social transition is taking place. Some countries have experienced or may experience in the future political instability, changes to the regulatory environment, changes in taxes, expropriation or nationalisation of property, civil strife, strikes, acts of terrorism, acts of war and insurrections. Any of these conditions occurring could disrupt or terminate the company's operations, causing its development activities to be curtailed or terminated in these areas or its production to decline, could limit the company's ability to pursue new opportunities, could affect the recoverability of its assets and could cause it to incur additional costs.

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 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 by its failure to adequately protect the company's brands and trademarks. The company's competitive position in comparison to its peers could be adversely affected if competitors offer superior terms for access rights or licences, 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.

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Joint ventures and other contractual arrangements
The company's major projects and operations are conducted through joint ventures and through contracting and sub-contracting arrangements. These arrangements often involve complex risk allocation, decision-making processes and indemnification arrangements, and the company has less control of such activities than it would have if it had full ownership and operational control.

The company's partners may have economic or business interests or objectives that are inconsistent with, or opposed to, those of the company's and may exercise veto rights to block certain key decisions or actions that the company believes are in its or the joint venture's best interest.

Additionally, the company's joint venture partners or contractual counterparties are primarily responsible for the adequacy of the human or technical competencies and capabilities which they bring to bear on the joint project, and in the event these are found to be lacking, the company's joint venture partners may not be able to meet their financial or other obligations to their counterparties or to the relevant project, potentially threatening the viability of such projects.

Furthermore, should accidents or incidents occur in operations in which the company participates, whether as operator or otherwise, and where it is held that the company's sub-contractors or joint venture partners are legally liable to share any aspects of the cost of responding to such incidents, the financial capacity of these third parties may prove inadequate to fully indemnify the company against the costs it incurs on behalf of the joint venture or contractual arrangement. Should a key sub-contractor, be no longer able to make these assets available to the company, this could result in serious disruption to its operations. Where the company does not have operational control of a venture, the company may nonetheless still be pursued by regulators or claimants in the event of an incident.

Digital infrastructure
The reliability and security of the company's digital infrastructure are critical to maintaining the availability of its business applications, including the reliable operation of technology in its various business operations and the collection and processing of financial and operational data, as well as the confidentiality of certain third-party information. A breach of the company's digital security or failure of its digital infrastructure, due to intentional actions such as cyber-attacks, negligence or otherwise, could cause serious damage to business operations and, in some circumstances, could result in the loss of data or sensitive information, injury to people, loss of control or damage to assets, harm to the environment, reputational damage, breaches of regulations, litigation, legal liabilities and reparation costs.

Crisis management, business continuity and disaster recovery
Crisis management and contingency plans are required to respond to, and to continue or recover operations, following a disruption or incident. If the company does not respond, or is perceived not to respond, in an appropriate manner to either an external or internal crisis, its business and operations could be severely disrupted. Inability to restore or replace critical capacity to an agreed level within an agreed timeframe would prolong the impact of any disruption and could severely affect business and operations.

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

People and capability
Successful recruitment of new staff, employee training, development and continuing enhancement of skills, in particular technical capabilities such as petroleum engineers and scientists, are key to implementing the company's plans. Inability to develop and retain human capacity and capability, both across the organisation and in specific operating locations, could jeopardise performance delivery. The company relies on recruiting and retaining high-quality employees to execute its strategic plans and to operate its business.

Compliance and control risks

Regulatory
The oil industry in general is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental, health and safety controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalisation, expropriation, cancellation or non-renewal of contract rights.

The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law.

The company remains exposed to changes in the regulatory environment, such as new laws and regulations (whether imposed by international treaty or by national or local governments in the jurisdiction in which it operates), changes in tax or royalty regimes, price controls, the imposition of trade or other sanctions, government actions to cancel or renegotiate contracts or other factors. Governments are facing great pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry and we remain exposed to increases in amounts payable to governments or government agencies. Such factors could reduce the company's profitability from operations in certain jurisdictions, limit its opportunities for new access, require it to divest or write-down certain assets or curtail certain operations, or affect the adequacy of its provisions, tax, environmental and legal liabilities. Potential changes to pension or financial market regulation could also impact funding requirements of the company.

The company buys, sells and trades oil and gas products in certain regulated commodity markets. Failure to respond to changes in or to comply with trading regulations could result in regulatory action and damage to the company's reputation.

Ethical misconduct and non-compliance
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 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.

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

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 and joint venture partners. See 'Joint ventures and other contractual arrangements'.

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.

In addition, inability to provide safe environments for the company's workforce and the public while at the company's facilities or premises could lead to injuries or loss of life and could result in regulatory action, legal liability and damage to the company's reputation.

BP's group-wide operating management system (OMS) intends to address health, safety, security, environmental and operations risks, and aims to provide a consistent framework within which the group can analyse the performance of its activities and identify and remediate shortfalls. There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risks or provide the correct mitigations, or that all operations will be in conformance with OMS at all times.

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.

Transportation
All modes of transportation of hydrocarbons involve inherent risks. An explosion or fire or loss of containment of hydrocarbons or other hazardous material could occur during transportation by road, rail, sea or pipeline. This is a significant risk due to the potential impact of a release on people and the environment and given the high volumes involved.

Principal risks and uncertainties (continued)

Financial risk management

The main financial risks faced by the company which arise from natural business exposures, are market risks relating to commodity prices and foreign currency exchange rates; credit risk; and liquidity 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. The primary commodity price risks that the company is exposed to include oil, natural gas and power prices that could adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The company enters into derivatives in a well-established entrepreneurial trading operation. 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 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.

(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.

Principal risks and uncertainties (continued)

Financial risk management (continued)

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 and 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 BP 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.

Liquidity risk
Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. This risk is managed by the BP group on the company's behalf and as such the company has access to the resources of the group. The group has long-term debt ratings of A (positive outlook) from Standard & Poor's, and A2 (stable outlook) from Moody's Investor Services, both remaining unchanged during 2013.

By Order of the Board

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

4 September 2014

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP EASTERN MEDITERRANEAN LIMITED

DIRECTORS' REPORT

Directors

The present directors are listed on page 1.

D I Gilmour, D C Goosey, J J Carey and C Lambrou served as directors throughout the financial year. Changes since 1 January 2013 are as follows:

	Appointed	Resigned
L P Waterman	22 July 2013	-
M Johnson	-	22 July 2013
J J Carey	-	1 April 2014

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.

Post balance sheet event

The Minister of Interior on 30 January 2014 ratified a decree issued by the Larnaca Municipality to end the use of oil and gas terminals in the city of Larnaca and transfer these to the Vassiliko area, for reasons such as health and safety of citizens and for creating the conditions for the economic growth for Larnaca. The termination of usage of the terminals and the decommissioning of assets (removal of all building and installations) has to be completed in a period of 3 years from the above date. The company is currently examining its options, which is either an own or joint investment for building and operating its own or joint terminal at Vassiliko area within the land that will be provided by the Government on a long-term lease or a storage and throughput agreement with a third party terminal.

Future developments

The directors consider that, despite the uncertainties deriving from the current economic environment and the loss reported for the year, the company has adequate resources to continue in operational existence for the foreseeable future.

Branches

The company has an overseas branch established in the following member state of the European Union: Cyprus

BP EASTERN MEDITERRANEAN LIMITED

DIRECTORS' REPORT

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.

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

4 September 2014

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP EASTERN MEDITERRANEAN 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP EASTERN MEDITERRANEAN LIMITED

We have audited the financial statements of BP Eastern Mediterranean 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 25. 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 11, 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 loss 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
4 September 2014

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BP EASTERN MEDITERRANEAN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013	2012
		€	€
Turnover	2	82,204,020	128,678,647
Cost of sales		(75,277,759)	(118,048,834)
Gross profit		6,926,261	10,629,813
Distribution and marketing expenses		(6,966,141)	(7,307,424)
Operating (loss) / profit		(39,880)	3,322,389
Profit on disposal of fixed assets	5	274	82,915
Bank deposits write-off	5	(49,111)	-
(Loss) / profit on ordinary activities before interest and taxation	3	(88,717)	3,405,304
Interest payable and similar charges	6	(51,501)	(113,513)
Interest receivable and similar income	7	3,855	54,484
Other finance expenses	8	(45,079)	(133,791)
(Loss) / profit before taxation		(181,442)	3,212,484
Taxation	9	15,194	(349,574)
(Loss) / profit for the year		(166,248)	2,862,910

The loss of €166,248 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

	2013	2012
	€	€
(Loss) / profit for the year	(166,248)	2,862,910
Actuarial loss relating to pensions and other post-retirement related benefits – gross	(63,572)	(616,909)
Actuarial loss relating to pensions and other post-retirement related benefits – related tax	72,295	61,691
Currency translation differences	-	(34,051)
Total recognised (losses) / gains for the year	(157,525)	2,273,641

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BP EASTERN MEDITERRANEAN LIMITED
(Registered No.02239062)

BALANCE SHEET AT 31 DECEMBER 2013

	Note	2013 €	2012 €
Fixed assets			
Tangible assets	11	994,553	1,188,562
Current assets			
Stocks	12	8,979,304	8,270,098
Debtors – amounts falling due within one year	13	12,591,815	11,314,716
– amounts falling due after one year	13	368,459	540,590
Cash at bank and in hand		560,028	777,109
		22,499,606	20,902,513
Creditors: amounts falling due within one year	14	(9,637,256)	(8,393,533)
Net current assets		12,862,350	12,508,980
TOTAL ASSETS LESS CURRENT LIABILITIES		13,856,903	13,697,542
Deferred tax	9	(7,194)	(13,290)
Defined benefit pension plans deficit	21	(1,232,681)	(701,746)
Other post-retirement benefits plan deficit	22	(1,406,786)	(1,614,739)
NET ASSETS		11,210,242	11,367,767
Represented by			
Capital and reserves			
Called up share capital	16	6,377,798	6,377,798
Share premium account	17	4,832,444	4,989,969
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		11,210,242	11,367,767

The financial statements of BP Eastern Mediterranean Limited were approved for issue by the Board of Directors on 22 August 2014 and were signed on its behalf by:

D.C Goosey
Director

4 September 2014

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 20.

Revenue recognition

Revenue arising from the sale of fuels and lubricants 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

The presentational currency has been changed from pound sterling to euros to be aligned with the functional currency which remains unchanged.

The comparative figures for 2012 in pound sterling have been presented using the originating euros balances for the Branch and closing rate at 31 December 2012 for the Head Office.

Foreign currency transactions are initially recorded in euros by applying the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are translated into euros 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 not capitalised and are charged in the profit and loss account in the year in which they are incurred.

Interest income

Interest income is recognised on an accruals basis.

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1. Accounting policies (continued)

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 capitalised 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.

Maintenance expenditure

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

Impairment of tangible fixed assets

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists or when annual impairment testing for an asset group is required, the company makes an estimate of its recoverable amount. An asset group's recoverable amount is the higher of its net realisable value and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

EY

1. **Accounting policies (continued)**

Accounting for a joint agreement that is not an entity ('JANE')

The company holds an interest in a JANE. As a result, it accounts for its proportionate share of the costs, revenues, assets and liabilities in the JANE.

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. Supplies 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.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

1. Accounting policies (continued)

Decommissioning

Provision for decommissioning costs is recognised when the company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that provision can be made. Where an obligation exists for a new facility, such as oil and natural gas production or transportation facilities, this will be on construction or installation. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the capital costs of the production and transportation facilities.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Environmental liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the best estimate of the expenditure required. Where the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

Deferred tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future. In particular:

- Provision is made for tax on gains arising on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

1. Accounting policies (continued)

Deferred tax (continued)

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Discounting

The unwinding of the discount on provisions is included within interest expense. Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense, apart from decommissioning provisions where the change is adjusted against the decommissioning asset.

Leases

Assets held under leases which transfer to the company substantially all risks and rewards incidental to ownership of the leased item are classified as finance leases, and are capitalised at inception of the lease at the fair value of the leased property or, if significantly lower, at the estimated present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability. The total finance charge is charged over the lease term so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

All other lease arrangements are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company. Deferred bonus arrangements that have a vesting date more than 12 months after the period end are valued on an actuarial basis using the projected unit credit method and amortised on a straight line basis over the service period until the award vests. The accounting policy for pensions and other post-retirement benefits is described below.

Pensions

Contributions to the defined contribution pension scheme are charged through the company's profit and loss account in the year in which they become payable.

1. Accounting policies (continued)

Pensions (continued)

For defined benefit pension and other post-retirement benefit schemes, scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained at least every three years and are updated at each balance sheet date. The resulting surplus or deficit, net of taxation thereon, is presented separately above the total for net assets on the face of the balance sheet.

The service cost of providing pension and other post-retirement benefits to employees for the year is charged to the profit and loss account. The cost of making improvements to pension and other post-retirement benefits is recognised in the profit and loss account on a straight-line basis over the period during which the increase in benefits vests. To the extent that the improvements in benefits vest immediately, the cost is recognised immediately. These costs are recognised as an operating expense.

A charge representing the unwinding of the discount on the scheme liabilities during the year is included within other finance expense.

A credit representing the expected return on the scheme assets during the year is included within other finance expense. This credit is based on the market value of the scheme assets, and expected rates of return, at the beginning of the year.

Actuarial gains and losses may result from: differences between the expected return and actual return on scheme assets; differences between actuarial assumptions underlying the scheme liabilities and actual experience during the year; or changes in the actuarial assumptions used in the valuation of the scheme liabilities. Actuarial gains and losses, and taxation thereon, are recognised in the statement of total recognised gains and losses.

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

2. Turnover

Turnover, which is stated net of value added tax, associated petroleum revenue duties and taxes represents amounts invoiced to third parties.

An analysis of turnover by geographical market is given below:

	2013	2012
	€	€
By geographical area:		
UK	-	-
Rest of Europe	75,214,366	122,210,588
Rest of World	6,989,654	6,468,059
Total	82,204,020	128,678,647

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

3. (Loss) / profit on ordinary activities before interest and taxation

This is stated after charging:

	2013	2012
	€	€
Hire charges under operating leases:		
Plant & machinery	418,384	689,295
Land & buildings	233,146	232,544
Depreciation of owned fixed assets (note 11)	324,333	392,038

4. Auditor's remuneration

	2013	2012
	€	€
Fees for the audit of the company	48,467	46,444

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 Eastern Mediterranean Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

5. Exceptional items

Exceptional items comprise the profit on disposal of fixed assets as follows:

	2013	2012
	€	€
Profit on disposal of fixed assets	274	82,915
Bank deposits write-off	(49,111)	-
	(48,837)	82,915

Restructuring the financial sector: One of the main terms of the agreed programme with Eurogroup in March 2013, was the resolution of Cyprus Popular Bank (Laiki) and the recapitalisation of Bank of Cyprus (BoC). It was agreed that recapitalisation of BoC would be done by a 'bail-in' of all 'uninsured deposits' above €100,000. All 'insured depositors' (deposits of less than €100,000) in all banks were fully protected in accordance with the relevant EU legislation.

The company's cash held with Laiki Bank (in all currencies) at the date of the decision was €149,111. Therefore, the impact of the 'bail-in' was a write-off of the amount of €49,111. It is possible that a small part of these funds may be recoverable in the long-term, following the liquidation of the bank.

6. Interest payable and similar charges

	2013	2012
	€	€
Interest on loans from group undertakings	-	53,990
Non-group bank interest and charges	51,501	59,523
	51,501	113,513

7. Interest receivable and similar income

	2013	2012
	€	€
Interest income from group undertakings	-	44,146
Other interest	3,855	10,338
	3,855	54,484

8. Other finance expenses

	2013	2012
	€	€
Interest on pension and other post-retirement benefits plan liabilities	(382,053)	(523,241)
Expected return on pension assets	336,974	389,450
	(45,079)	(133,791)

EY

9. 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 tax charge is made up as follows:

	2013	2012
Current tax	€	€
Overseas tax on income for the year	38,288	362,319
Total current tax charged	38,288	362,319
Deferred tax		
Origination and reversal of timing differences	(53,482)	(12,745)
Total deferred tax credited	(53,482)	(12,745)
Tax (credited) / charged on (loss) / profit on ordinary activities	(15,194)	349,574

(a) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% for the year ended 31 December 2013 (2012 – 24%). The differences are reconciled below:

	2013	2012
	UK	UK
	€	€
(Loss) / profit on ordinary activities before tax	(181,442)	3,212,484
Current taxation	(38,288)	(362,319)
Effective current tax rate	(21)%	11%

	2013	2012
	UK	UK
	%	%
UK corporation tax rate:	23	24
Overseas corporation tax rate:	-	-
Increase / (decrease) resulting from:		
Fixed asset timing differences	(41)	1
Other timing differences	(63)	2
Current overseas tax	(21)	11
Non deductible expenditure / non taxable income	(1)	-
Double tax relief	20	(11)
Free group relief	62	(16)
Effective current tax rate	(21)	11

The permanent and timing differences shown in the current tax rate reconciliation above are those that arise for UK corporation tax purposes, rather than overseas tax purposes.

9. Taxation (continued)

(b) Provision for deferred tax

The deferred tax included in the balance sheet is as follows:

	2013	2012
	€	€
Pensions (note 21)	176,100	77,972
Other post-retirement benefits (note 22)	200,969	179,416
	377,069	257,388
Accelerated capital allowances	(7,194)	(13,290)
Tax losses carried forward	-	-
Deferred tax liability (note 14)	(7,194)	(13,290)
Provision for deferred tax	369,875	244,098

	2013
	€
At 1 January 2013	244,098
Deferred tax charged in the profit and loss account	53,482
Deferred tax charged directly to the statement of total recognised gains and losses	72,295
At 31 December 2013	369,875

10. Directors and employees

(a) Remuneration of directors

The total remuneration for all serving directors for their period of directorship to the company for the year 2013 amounted to €140,482 (2012: €134,097) and is included in employee costs below. A number of directors are senior executives of the BP p.l.c. group and receive no remuneration for services to this company.

(b) Employee costs

	2013	2012
	€	€
Wages and salaries	1,842,503	2,005,317
Social insurance and similar costs	202,104	216,144
Pension costs	229,804	244,318
Share based payment charge	24,306	22,692
Other benefits and contributions	55,544	55,931
Special contribution	11,575	12,693
	2,365,836	2,557,095

(c) The average monthly number of employees during the year was 39 (2012: 41)

EY

11. Tangible assets

	Buildings on leasehold land	Computer software & hardware	Plant & machinery	Total	Of which AUC*
Cost	€	€	€	€	€
At 1 January 2013	62,107	797,848	4,826,719	5,686,674	11,111
Additions	-	60,103	72,547	132,650	116,614
Disposals	-	-	(13,129)	(13,129)	-
Transfers	-	-	-	-	(29,908)
At 31 December 2013	62,107	857,951	4,886,137	5,806,195	97,817
Depreciation					
At 1 January 2013	50,991	783,175	3,663,946	4,498,112	-
Charge for the year	3,991	9,233	311,109	324,333	-
Disposals	-	-	(10,803)	(10,803)	-
At 31 December 2013	54,982	792,408	3,964,252	4,811,642	-
Net book value					
At 31 December 2013	7,125	65,543	921,885	994,553	97,817
At 31 December 2012	11,116	14,673	1,162,773	1,188,562	11,111
Principal rates of depreciation	10%	25%-33.33%	10%		

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

The net book value of land and buildings comprises:

	2013	2012
	€	€
Long leasehold	7,125	11,116

12. Stocks

	2013	2012
	€	€
Raw materials and consumables – lubricants	47	94
Finished goods and goods for resale – fuel and lubricants	8,979,257	8,270,004
	8,979,304	8,270,098

EY

13. Debtors

	2013 Within 1 year €	2013 After 1 year €	2012 Within 1 year €	2012 After 1 year €
Trade debtors	4,465,531	-	4,619,812	-
Amounts owed by group undertakings	7,494,905	-	6,087,792	-
Other debtors	179,923	-	165,435	-
Prepayments and accrued income	291,037	368,459	370,772	540,590
Taxation	79,867	-	-	-
VAT recoverable	80,552	-	70,905	-
	12,591,815	368,459	11,314,716	540,590

14. Creditors

	2013 Within 1 year €	2013 After 1 year €	2012 Within 1 year €	2012 After 1 year €
Trade creditors	31,501	-	-	-
Amounts owed to group undertakings	8,381,030	-	7,053,163	-
Accruals and deferred income	530,767	-	456,759	-
Other creditors	693,958	-	715,448	-
Deferred tax (note 9)	-	7,194	-	13,290
Taxation	-	-	168,163	-
	9,637,256	7,194	8,393,533	13,290

15. Obligations under leases

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

	2013 Land & buildings €	2013 Other €	2012 Land & buildings €	2012 Other €
Operating leases which expire:				
Within 1 year	274,176	220,685	278,334	409,746
Between 2 to 5 years	-	3,674	-	3,254
	274,176	224,359	278,334	413,000

During 2005 the company entered into an operating lease agreement for the rental of Jet-A1 fuel storage space of 25,000m³ at the Cyprus Petroleum Storage Company Limited. The Jet-A1 fuel storage capacity was increased as from 15 May 2009 to 31,500m³ and remained the same until 31 December 2012. On 3 January 2013 the agreement was renewed for the period from 1 January 2013 to 31 December 2013 where the Jet-A1 fuel storage capacity was decreased to 17,500m³ and the annual rental cost decreased to €23.39/m³. On 18 December 2013 the agreement was renewed again for the period from 1 January 2014 to 31 December 2014 where the Jet-A1 fuel storage capacity was decreased to 9,500m³. The annual rental cost is €23.23/m³.

EY

16. Called up share capital

	2013	2012
	€	€
Allotted, called up and fully paid:		
5,220,002 Ordinary shares of £1 each for a total nominal value of £5,220,002	6, 377,798	6,377,798

17. Capital and reserves

	Called up share capital	Profit and loss account	Total
	€	€	€
At 1 January 2013	6,377,798	4,989,969	11,367,767
Loss for the year	-	(166,248)	(166,248)
Actuarial gain net of tax	-	8,723	8,723
At 31 December 2013	6,377,798	4,832,444	11,210,242

18. Reconciliation of movements in shareholders' funds

	2013	2012
	€	€
(Loss) / Profit for the year	(166,248)	2,862,910
Currency translation differences	-	(34,051)
Actuarial gain / (loss) net of tax	8,723	(555,218)
Net (decrease) / increase in shareholders' funds	(157,525)	2,273,641
Shareholders' funds at 1 January	11,367,767	9,094,126
Shareholders' funds at 31 December	11,210,242	11,367,767

19. Contingent liabilities

Customs case
In 2007 the company received a claim by Customs & Excise Department for the amount of €869,049 plus penalty of €86,905 and interest at a rate of 9% p.a., regarding the supply of Jet-A1 fuel to one of its customers on which no VAT and Excise duty was charged during the period 1 May 2004 to 30 September 2007.

On 25 October 2010, the Court decided that VAT should be charged but Excise Duty should not be charged. Both the Customs & Excise Department and the customer appealed this decision. The case is still pending. The directors of the company believe that no outflow of resources embodying economic benefits are expected in respect of this claim and accordingly no provision for any liability has been made in these accounts.

19. Contingent liabilities (continued)

Parnas case

In 2012 the company received a claim by Parnas Ltd for the amount of €1,725,940 (NIS 8,521,068) plus court expenses and legal fees due to breach of agreement by the company regarding distribution rights of Parnas Ltd for the sale of company's products in Israel. The company rejects the allegations of Parnas Ltd since the company did not sign an exclusivity agreement with Parnas Ltd. The case currently is in the stage of the proceedings. The directors of the company believe that no outflow of resources embodying economic benefits are expected in respect of this claim and accordingly no provision for any liability has been made in these accounts.

Other contingent liabilities

The company is contingently liable in respect of guarantees and indemnities provided to third parties of €892,305 (2012: €1,301,878) entered into as part of the ordinary course of the company's business.

Further to the above, there are a number of claims made against the company arising from the ordinary course of its business from which no material losses are likely to arise.

20. 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.

21. Pensions

The retirement benefit schemes comprise of one scheme of a defined contribution type and three schemes of an overall defined benefit type.

The charge to the profit and loss account during the year for the defined contribution scheme amounted to €60,163 (2012: €61,229).

"The Non Contributory Pension Fund" is the main retirement defined benefit scheme and provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, the majority of which are invested with financial institutions.

The company has commissioned an actuarial valuation of its scheme liabilities as at 31 December 2013. The valuation was carried out by a qualified independent actuary on an on-going valuation basis using the projected unit credit valuation method.

EY

21. Pensions (continued)

The pension assumptions are set out below. The assumptions used to evaluate accrued pension benefits at 31 December are used to determine pension expense for the following year, that is, the assumptions at 31 December 2013 are used to determine the pension liabilities at that date and the pension cost for 2014.

	2013	2012
	% p.a.	% p.a.
Price inflation	2.0	2.0
Total salary increases	3.0	4.0
Discount rate	3.6	3.5
Expected return on assets	4.46	4.18
Pension increases		
– up to 2016	0	0
– from 2017	2.0	2.0
SIS Pension increases		
– up to 2016	0	0
– from 2017	2.0	2.0
Increase in insurable earning	3.0	3.0

Under the current scheme rules, there is no obligation to grant increases to pensions. Although the Company had previously decided to provide the discretionary practice pension increases for previous years, due to a 2013 legislation voted in by the Parliament, in order to comply with the Cyprus 'bail-out' programme signed by the Government and the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF) - the so called 'Troika' - which puts into suspension any Cost of Living Allowance (COLA) increases on salaries and pensions in the public sector and the broader public sector for the years 2013-2016, the Company has also decided not to provide any pension increases for the years 2013-2016, in line with the above mentioned legislation and the Social Insurance Department decision on state pensions.

Under the 'bail-out' programme, it was further agreed that as from 2017, the method of calculating and the timing of the payment of the COLA will be reviewed and amended by the Government. From 2017 onwards, unless the Government decides differently regarding the state pension increases, the Company's intention is to continue to provide the discretionary practice pension increases, in line with any amendments that will be implemented by the Government to the method and timing of calculating the COLA for the public and broader public sector.

The valuation showed that the value of the company's scheme liabilities as at 31 December 2013 was €9,217,333 (2012: €9,149,070). The deficit in the company's schemes as at 31 December 2013, as measured in accordance with requirements of FRS17, is estimated at €1,232,681 (2012: €701,746), as follows:

	2013	2012
Fair value of plan assets	€	€
Total market value of assets	7,808,552	8,369,352
Present value of scheme liabilities	(9,217,333)	(9,149,070)
Deficit in schemes	(1,408,781)	(779,718)
Related deferred tax asset	176,100	77,972
Liability recognised in the balance sheet	(1,232,681)	(701,746)

21. Pensions (continued)

The various categories of assets are:

	2013	2012
	€	€
Property	1,842,807	2,166,989
Equities	1,866,231	1,575,153
Bonds	3,780,310	3,604,076
Bank accounts	319,203	1,023,133

According to the 2013 actuarial valuation, the total funding contribution rate for the future years is estimated at 16.96% of pensionable pay (2012: 14.6%), assuming that discretionary pension increases of 2% will be payable.

	2013	2012
	€	€
Analysis of the amount charged to operating profit		
Current service cost	164,106	129,543
Past service cost	404,172	-
Total operating charge	568,278	129,543
Analysis of the amount (credited)/charged to other finance income		
Expected return on pension scheme assets	336,974	389,449
Interest on pension scheme liabilities	(320,704)	(446,189)
Other finance expense/(income)	16,270	(56,740)
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	(297,955)	(62,502)
Experience gains/(losses) arising on the scheme liabilities	34,212	167,872
Changes in assumptions underlying the present value of scheme liabilities	-	(518,333)
Actuarial loss recognised in STRGL	(263,743)	(412,963)
Movement in the fair value of plan assets during the year		
Fair value of plan assets at 1 January	8,369,352	8,765,683
Expected return on plan assets	336,974	389,449
Contributions by employer	186,688	187,792
Benefit payments	(786,507)	(911,070)
Actuarial loss on plan assets	(297,955)	(62,502)
Fair value of plan assets at 31 December	7,808,552	8,369,352
Movement in the benefit obligation during the year		
Benefit obligation at 1 January	(9,149,070)	(9,133,947)
Current service cost	(164,106)	(129,543)
Past service cost	(404,172)	-
Interest cost	(320,704)	(446,189)
Benefit payments	786,507	911,070
Actuarial gain/(loss) on obligation	34,212	(350,461)
Benefit obligation at 31 December	(9,217,333)	(9,149,070)
Deficit at 31 December	(1,408,781)	(779,718)

EY

21. Pensions (continued)

History of experience gains and losses

	2013	2012	2011	2010	2009
Difference between expected and actual return on scheme assets:					
Amount (€)	(297,955)	(62,502)	(742,000)	(1,073,351)	491,623
Percentage of scheme assets	3.8%	0.8%	8.5%	10.5%	4.3%
Experience gains/(losses) on scheme liabilities:					
Amount (€)	34,212	167,872	(312,935)	292,865	(35,938)
Percentage of scheme assets	0.4%	1.8%	3.4%	3.1%	0.4%
Total amount recognised in STRGL:					
Amount (€)	(263,743)	(412,963)	(975,581)	(1,349,527)	455,685
Percentage of scheme assets	2.9%	4.5%	10.7%	14.2%	4.8%

22. Other post-retirement benefits

The company provides post-retirement medical benefits to its retired employees and dependants. The cost of providing post-retirement benefits is assessed by independent actuaries using the projected unit method. The date of the latest actuarial valuation was 31 December 2013.

The key financial assumptions used for the medical fund are set out below. The assumptions used to evaluate medical fund benefits at 31 December in the year are used to determine medical fund expense for the following year, that is, the assumptions at 31 December 2013 are used to determine the medical fund liabilities at that date and the medical fund cost for 2014.

	2013	2012
	% p.a.	% p.a.
Discount rate	3.6	3.5
Medical inflation rate	3.5	3.5
Medical incidence claim increase	1.5	1.5
Price inflation	2.0	2.0

	2013	2012
	€	€
Reconciliation of plan deficit to balance sheet		
Present value of scheme liabilities	(1,607,755)	(1,794,155)
Deficit in the scheme	(1,607,755)	(1,794,155)
Related deferred tax asset	200,969	179,416
Liability recognised in the balance sheet	(1,406,786)	(1,614,739)
Analysis of the amount charged to operating profit		
Current service cost	34,121	23,988
Total operating charge	34,121	23,988

EY

22. Other post-retirement benefits (continued)

	2013	2012
	€	€
Analysis of the amount charged to other finance expense		
Interest on scheme liabilities	61,349	77,052
Other finance expense	61,349	77,052
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Experience gains arising on the scheme liabilities	148,088	142,683
Changes in assumptions underlying the present value of scheme liabilities	52,083	(346,629)
Actuarial gain/(loss) recognised in STRGL	200,171	(203,946)
Movement in the benefit obligation during the year		
Benefit obligation at 1 January	(1,794,155)	(1,558,029)
Current service cost	(34,121)	(23,988)
Benefits payments	81,699	68,860
Interest cost	(61,349)	(77,052)
Actuarial loss on obligation	200,171	(203,946)
Benefit obligation at 31 December	(1,607,755)	(1,794,155)

History of experience gains and losses

	2013	2012	2011	2010	2009
Experience gains/(losses) on scheme liabilities:					
Amount (€)	148,088	142,683	(56,093)	15,149	(64,987)
Percentage of scheme assets	(9.2%)	(8.0%)	(3.6%)	(1.0%)	4.8%
Total amount recognised in STRGL:					
Amount (€)	200,171	(203,946)	(36,797)	(122,427)	(64,987)
Percentage of scheme assets	12.5%	11.4%	2.4%	8.1%	4.8%

23. Comparative figures

Certain prior year figures have been reclassified to conform to the 2013 presentation. This had no impact on the profit and loss for the year or net assets.

EY

24. Post balance sheet event

The Minister of Interior on 30 January 2014 ratified a decree issued by the Larnaca Municipality to end the use of oil and gas terminals in the city of Larnaca and transfer these to the Vassiliko area, for reasons such as health and safety of citizens and for creating the conditions for the economic growth of the city. The termination of usage of the terminals and the decommissioning of assets (removal of all building and installations) has to be completed in a period of 3 years from the above date. The company is currently examining its options, which is either an own or joint investment for building and operating its own or joint terminal at Vassiliko area within the land that will be provided by the Government on a long-term lease or a storage and throughput agreement with a third party terminal.

25. Immediate and ultimate controlling parent undertaking

The immediate and 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.