

GRANGEMOUTH HOLDINGS LIMITED

(Registered No 05572972)

ANNUAL REPORT AND ACCOUNTS 2011

Board of Directors J C Skipper
 J W Halliday

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2011

Results and dividends

The profit for the year after taxation was \$5 which, when added to the retained profit brought forward at 1 January 2011 of \$24 gives a total retained profit carried forward at 31 December 2011 of \$29. The company has not declared any dividends during the year (2010: \$nil). The directors do not propose the payment of a dividend.

Principal activity and review of the business

The company is engaged in the purchase and leaseback of certain Grangemouth assets. The company acquired certain land and assets from a third party then subsequently entered into an agreement to lease the assets to Grangemouth Properties Limited, a subsidiary, for an initial premium equal to the amount paid for the assets, together with an annual peppercorn rent for a term of 100 years.

The results of the company for the year are as expected.

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

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.

Company level risks have been categorised against the following areas: compliance and control. In addition, we have also set out a further category of risk for your attention – those resulting from the Gulf of Mexico oil spill (the Incident).



GRANGEMOUTH HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

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 Grangemouth Holdings Limited

There is significant uncertainty in the extent and timing of costs and liabilities relating to the Incident, the impact of the Incident on the reputation of the BP group and the resulting possible impact on the company's ability to access new opportunities. There is also significant uncertainty regarding potential changes in applicable regulations and the operating environment that may result from the Incident. These increase the risks to which the group and therefore the company are exposed to. These uncertainties are likely to continue for a significant period. 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 BP Group recognized charges totalling \$40.9 billion in 2010 and a credit of \$3.7 billion in 2011 as a result of the Incident. The total amounts that will ultimately be paid by BP in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors. Furthermore, the amount of claims that become payable by BP, the amount of fines ultimately levied on BP (including any potential determination of BP's negligence or gross negligence), the outcome of litigation, and any costs arising from any longer-term environmental consequences of the oil spill, will also impact upon the ultimate cost for BP. Although the provision recognized is the current best estimate of expenditures required to settle certain present obligations at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligation reliably. 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 2011.

Compliance and control risks

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.

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.

GRANGEMOUTH HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Directors

The present directors are listed on page 1

J C Skipper served as a director throughout the financial year Changes since 1 January 2011 are as follows

	<u>Appointed</u>	<u>Resigned</u>
J W Halliday	20 March 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

Auditors

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

GRANGEMOUTH HOLDINGS 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

30 July

2012

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

GRANGEMOUTH HOLDINGS 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 proper accounting records that are sufficient to show and explain the company's transaction 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.

GRANGEMOUTH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GRANGEMOUTH HOLDINGS LIMITED

We have audited the financial statements of Grangemouth Holdings Limited for the year ended 31 December 2011 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 14. 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 auditors' 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 on page 5, 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 disclosure 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 the 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 2011 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 requirement of the Companies Act 2006.

Opinion on other matters 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
Monica Ann Lawrence (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

1 AUGUST

2012

GRANGEMOUTH HOLDINGS LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of Grangemouth Holdings Limited were approved for issue by the Board of Directors on 16 JULY 2012

These accounts are prepared in accordance with 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.

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 400(1) of the Companies Act 2006. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP plc, a company registered in England and Wales. The accounts present information about the company as an individual undertaking and not about the group.

Foreign currency transactions

Foreign currency transactions are initially recorded in dollars by applying the exchange rate ruling on the date of the 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.

Investments

Fixed asset investments in subsidiaries are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Leases

Assets held under leases which transfer to the company substantially all risks and rewards incidental to ownership of the leased item, 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.

GRANGEMOUTH HOLDINGS LIMITED

ACCOUNTING POLICIES

Leases (continued)

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term

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.

GRANGEMOUTH HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	<u>2011</u>	<u>2010</u>
		\$	\$
Turnover	1	5	5
Administration expenses	2	-	(2)
Profit before taxation		<u>5</u>	<u>3</u>
Taxation	4	-	-
Profit for the year		<u>5</u>	<u>3</u>

The profit of \$5 for the year ended 31 December 2011 has derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of \$5 for the year ended 31 December 2011 (2010 profit of \$3)

GRANGEMOUTH HOLDINGS LIMITED

(Registered No 05572972)

BALANCE SHEET AT 31 DECEMBER 2011

	Note	<u>2011</u> \$	<u>2010</u> \$
Fixed assets			
Investments	6	<u>5,000</u>	<u>5,000</u>
Current assets			
Debtors – <i>amounts falling due</i>			
<i>Within one year</i>	7	30	25
<i>After one year</i>	7	<u>61</u>	<u>62</u>
		91	87
Creditors: amounts falling due within one year	8	<u>(1)</u>	<u>(1)</u>
Net current assets		90	86
TOTAL ASSETS LESS CURRENT LIABILITIES		5,090	5,086
Creditors: amounts falling due after more than one year	8	<u>(61)</u>	<u>(62)</u>
NET ASSETS		<u>5,029</u>	<u>5,024</u>
Represented by			
Capital and reserves			
Called up share capital	9	5,000	5,000
Profit and loss account	10	<u>29</u>	<u>24</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>5,029</u>	<u>5,024</u>

On behalf of the Board



J.W. Halliday
Director

30 July 2012

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GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, represents rental income relating to finance leases of \$5 (2010 \$4) entered into by the company and the release of associated deferred income of \$0 (2010 \$1). Turnover is attributable to one continuing activity, the finance lease of certain assets which is wholly undertaken in the United Kingdom

2. Operating profit

This is stated after charging

	2011	2010
	\$	\$
Currency exchange losses	-	2

3. Auditor's remuneration

	2011	2010
	\$	\$
Fees for the audit of the company	2,400	2,400

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 Grangemouth Holdings Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis

The fees were borne by another group company

4. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. No 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 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

	2011	2010
	\$	\$
Profit before taxation	5	3
Current taxation	-	-
Effective current tax rate	0%	0%
	2011	2010
	%	%
UK statutory corporation tax rate	26	28
Decrease resulting from Free group relief	(26)	(28)
Effective current tax rate	-	-

GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

5. Directors and employees

(a) Remuneration of directors

J Skipper is a senior executive of the BP Plc Group and received no remuneration for services to this company or its subsidiary undertakings

(b) Employee costs

The company had no employees during the year (2010 Nil)

6. Investments

	Subsidiary shares
Cost and net book value	\$
At 1 January and 31 December 2011	<u>5,000</u>

The investment in the subsidiary undertaking is unlisted

The subsidiary undertaking of the company at 31 December 2011 and the percentage of equity capital held is set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name

Subsidiary undertakings	%	Country of incorporation	Principal activity
Grangemouth Properties Limited	100	England and Wales	Property rental

7. Debtors

	2011 Within 1 year \$	2011 After 1 year \$	2010 Within 1 year \$	2010 After 1 year \$
Amounts owed by group undertakings	29	-	24	-
Amounts due under finance leases	<u>1</u>	<u>61</u>	<u>1</u>	<u>62</u>
	30	61	25	62

8. Creditors

	2011 Within 1 year \$	2011 After 1 year \$	2010 Within 1 year \$	2010 After 1 year \$
Accruals and deferred income	<u>1</u>	<u>61</u>	<u>1</u>	<u>62</u>

GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

9. Called up share capital

	<u>2011</u>	<u>2010</u>
	\$	\$
Allotted, called up and fully paid 5,000 ordinary shares of \$1 each	<u>5,000</u>	<u>5,000</u>

10. Capital and reserves

	Called up share capital	Profit and loss account	Total
	\$	\$	\$
At 1 January 2011	5,000	24	5,024
Profit for the year	-	5	5
At 31 December 2011	<u>5,000</u>	<u>29</u>	<u>5,029</u>

11. Reconciliation of movements in shareholders' funds

	<u>2011</u>	<u>2010</u>
	\$	\$
Profit for the year	5	3
Shareholders' funds at 1 January	5,024	5,021
Shareholders' funds at 31 December	<u>5,029</u>	<u>5,024</u>

12. 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 other 100% group companies. There were no other related party transactions in the year.

13. Pensions

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

14. Immediate and ultimate parent undertaking

The immediate parent undertaking of this company is BP Exploration Operating Company Limited, a company registered in England and Wales. The ultimate controlling parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP plc, a company registered in England and Wales. Copies of BP plc's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.