



**BP International Limited**  
**ANNUAL REPORT AND ACCOUNTS 2014**

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**BP INTERNATIONAL LIMITED**

**(Registered No. 00542515)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2014**

**Board of Directors:** R C Harrington  
B Gilvary  
D J Bucknall  
J H Bartlett  
A H Haywood

The directors present the strategic report, their report and the financial statements for the year ended 31 December 2014.

**STRATEGIC REPORT**

**Results**

The loss for the year after taxation was \$2,045 million which, when deducted from the retained profit brought forward at 1 January 2014 of \$6,559 million together with exchange adjustments taken directly to reserves of \$3 million gives a total retained profit carried forward at 31 December 2014 of \$4,511 million.

**Principal activities and review of the business**

The company, which is based in the UK, is engaged internationally in oil, petrochemicals and related financial activities. It also provides services to other group undertakings and holds investments in subsidiary and associated undertakings engaged in similar activities.

Refining and Marketing activities include the results of certain international business sectors with head offices in the United Kingdom. These businesses showed an operating loss for the year of \$997 million (2013: loss of \$52 million).

The operating profit from corporate and other activities of \$8,509 million (2013: \$16,797 million) includes dividends from subsidiary and associated undertakings of \$7,816 million (2013: \$41,690 million).

During the year, \$9,739 million (2013: \$24,754 million) was provided against the cost of investments.

## **BP INTERNATIONAL LIMITED**

### **STRATEGIC REPORT**

#### **Principal activities and review of the business (continued)**

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

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
	<u>\$ million</u>	<u>\$ million</u>	<u>%</u>
Turnover	77,787	91,727	(15)
Operating (loss)/profit	(2,355)	16,745	(114)
(Loss)/profit after taxation	(2,045)	16,827	(112)
Shareholders' funds	46,625	43,673	7
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Quick ratio*	79	101	(22)

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

Turnover has decreased primarily due to decreases in sales volumes and lower sales prices for both crude oil and oil products.

The operating result is a significant decrease in comparison with the prior year. This is primarily due to a decrease in dividends received from subsidiaries of \$33,803 million which more than offsets the decrease in impairments of \$15,015 million.

Shareholders' funds have remained at a similar level to the prior year, despite the loss for the year, because of a capital injection from the parent company of \$5,000 million made during 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 for the group.

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the company's strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation. Unless stated otherwise, further details on these risks are included within the risk factors in the strategic report of the BP group Annual Report and Form 20-F for the year ended 31 December 2014.

#### **Gulf of Mexico oil spill**

On 2 July 2015 BP Exploration & Production Inc. signed agreements in principle to settle all federal and state claims, and claims made by more than 400 local government entities, arising from the oil spill. These agreements are subject to the execution of definitive agreements and court approval of the Consent Decree relating to such settlement. There continues to be uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the 2010 Gulf of Mexico oil spill not covered by the agreements in principle.

## **BP INTERNATIONAL LIMITED**

### **STRATEGIC REPORT**

#### **Principal risks and uncertainties (continued)**

##### **Strategic and commercial risks**

###### ***Prices and markets***

The company's financial performance is subject to fluctuating prices of oil, gas, refined products, exchange rate fluctuations and the general macroeconomic outlook.

###### ***Major project delivery***

Failure to invest in the best opportunities or deliver major projects successfully could adversely affect the company's financial performance.

###### ***Geopolitical***

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment.

###### ***Liquidity, financial capacity and financial, including credit, exposure***

Failure to work within the group's financial framework could impact the company's ability to operate and result in financial loss.

###### ***Joint arrangements***

The company may have limited control over the standards, operations and compliance of its partners.

###### ***Digital infrastructure and cybersecurity***

Breach of the company's digital security or failure of our digital infrastructure could damage the company's operations and its reputation.

###### ***Climate change and carbon pricing***

Public policies could increase costs and reduce future revenue and strategic growth opportunities.

###### ***Competition***

Inability to remain efficient, innovate and retain an appropriately skilled workforce could negatively impact delivery of the company's strategy in a highly competitive market.

###### ***Crisis management and business continuity***

Potential disruption to the company's business and operations could occur if it does not address an incident effectively.

###### ***Insurance***

The BP group's insurance strategy could expose the BP group to material uninsured losses which in turn could adversely affect the company.

## **BP INTERNATIONAL LIMITED**

### **STRATEGIC REPORT**

#### **Principal risks and uncertainties (continued)**

##### **Safety and operational risks**

###### ***Process safety, personal safety and environmental risks***

The company is exposed to a wide range of health, safety, security and environmental risks that could result in regulatory action, legal liability, increased costs, damage to its reputation and potentially denial of its licence to operate.

###### ***Security***

Hostile acts against the company's staff and activities could cause harm to people and disrupt its operations.

###### ***Product quality***

Supplying customers with off-specification products could damage the company's reputation, lead to regulatory action and legal liability, and potentially impact its financial performance.

##### **Compliance and control risks**

###### ***US government settlements***

The BP group's settlements with legal and regulatory bodies in the US in respect of certain charges related to the Gulf of Mexico oil spill may expose the BP group to further penalties, liabilities and private litigation, which in turn could have adverse impacts on the company or could result in suspension or debarment of the company.

###### ***Regulation***

Changes in the regulatory and legislative environment could increase the cost of compliance, affect the company's provisions and limit its access to new exploration opportunities.

###### ***Ethical misconduct and non-compliance***

Ethical misconduct or breaches of applicable laws by the company's businesses or its employees could be damaging to its reputation.

###### ***Treasury and trading activities***

Ineffective oversight of treasury and trading activities could lead to business disruption, financial loss, regulatory intervention or damage to the company's reputation.

###### ***Reporting***

Failure to accurately report the company's data could lead to regulatory action, legal liability and reputational damage.

**BP INTERNATIONAL LIMITED**

**STRATEGIC REPORT**

**Principal risks and uncertainties (continued)**

**Financial risk management**

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to commodity prices, foreign currency exchange rates and interest rates, credit risk, and liquidity risk. Further details on these financial risks are included within Note 18.

By Order of the Board



For and on behalf of  
Sunbury Secretaries Limited  
Company Secretary

22 September 2015

Registered Office:

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

## **BP INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT**

#### **Directors**

The present directors are listed on page 1.

Directors R C Harrington, B Gilvary, D J Bucknall and J H Bartlett served as directors throughout the financial year. Changes since 1 January 2014 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
A H Haywood	1 November 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 (2013: \$12,425 million). 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 events**

After the balance sheet date:

- the company subscribed for additional Ordinary Shares of £1.00 each at par value in the capital of its immediate subsidiary BP Exploration Company Limited for an aggregate amount of US\$19,799 million.
- on 8 September 2015, 1,818,654,195 ordinary shares of £1 each for a total nominal value of \$2,800,000,000 were allotted to the immediate parent company.
- on 8 September 2015, the Company purchased the entire issued share capital of BP Shipping Limited from BP P.L.C. Beneficial ownership was transferred on 8 September 2015 and legal ownership will be transferred following the update of the register of members.

#### **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.

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

**BP INTERNATIONAL LIMITED**

**DIRECTORS' REPORT**

**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

22 September 2015

Registered Office:

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom



**BP INTERNATIONAL LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE FINANCIAL STATEMENTS**

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 applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). 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 financial statements, 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 financial statements.

**BP INTERNATIONAL LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**BP INTERNATIONAL LIMITED**

We have audited the financial statements of BP International Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 31. 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those 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 Financial Statements 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 2014 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*

Simon O'Neill (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

*24 September* 2015

**BP INTERNATIONAL LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

		<u>2014</u>	<u>2013</u>
	Note	\$ million	\$ million
Turnover	3	77,787	91,727
Cost of sales		<u>(77,220)</u>	<u>(90,836)</u>
Gross profit		567	891
Distribution and administration expenses		(10,958)	(26,013)
Other operating income		8,036	41,867
Operating (loss)/profit	4	<u>(2,355)</u>	<u>16,745</u>
Interest receivable and similar income	6	2,235	1,763
Interest payable and similar charges	7	<u>(2,134)</u>	<u>(1,972)</u>
(Loss)/profit before taxation		(2,254)	16,536
Taxation	8	209	291
(Loss)/profit for the year		<u>(2,045)</u>	<u>16,827</u>

The loss of \$2,045 million for the year ended 31 December 2014 was derived in its entirety from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	<u>2014</u>	<u>2013</u>
	\$ million	\$ million
(Loss)/profit for the year	<u>(2,045)</u>	<u>16,827</u>
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency translation differences	(11)	20
Movement in the mark to market of cash flow hedges	8	3
Total comprehensive (loss)/income for the year	<u>(2,048)</u>	<u>16,850</u>

**BP INTERNATIONAL LIMITED****(Registered No. 00542515)****BALANCE SHEET AT 31 DECEMBER 2014**

	Note	2014 \$ million	2013 \$ million
<b>Fixed assets</b>			
Intangible assets	10	171	199
Tangible assets	11	1,023	1,049
Investments	12	54,647	48,219
		<u>55,841</u>	<u>49,467</u>
<b>Current assets</b>			
Stocks	13	1,660	3,207
Debtors – amounts falling due:			
<i>within one year</i>	14	40,819	81,207
<i>after one year</i>	14	71,643	49,709
Derivatives and other financial instruments due:			
<i>within one year</i>	19	591	516
<i>after one year</i>	19	1,129	848
Cash at bank and in hand		25,945	19,577
		<u>141,787</u>	<u>155,064</u>
<b>Creditors: amounts falling due within one year</b>	15	(84,459)	(99,651)
Derivatives and other financial instruments due within one year	19	(721)	(236)
<b>Net current assets</b>		<u>56,607</u>	<u>55,177</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>112,448</u>	<u>104,644</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(64,202)	(60,146)
Derivatives and other financial instruments due after one year	19	(1,521)	(458)
<b>Provisions for liabilities and charges</b>			
Deferred tax liability	8	-	(222)
Other provisions	20	(100)	(145)
<b>NET ASSETS</b>		<u>46,625</u>	<u>43,673</u>
<b>Capital and reserves</b>			
Called up share capital	22, 23	42,114	37,114
Profit and loss account	23	4,511	6,559
<b>TOTAL EQUITY</b>		<u>46,625</u>	<u>43,673</u>

On behalf of the Board


R C Harrington  
Director

22 SEPTEMBER 2015

**BP INTERNATIONAL LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Called up share capital (Note 22) \$ million</b>	<b>Profit and loss account (Note 23) \$ million</b>	<b>Total \$ million</b>
<b>Balance at 1 January 2013</b>	37,114	2,134	39,248
<b>Profit for the year</b>	-	16,827	16,827
<b>Other comprehensive income for the year</b>	-	23	23
<b>Total comprehensive income for the year</b>	-	16,850	16,850
<b>Dividends paid</b>	-	(12,425)	(12,425)
<b>Balance at 31 December 2013</b>	37,114	6,559	43,673
<b>Loss for the year</b>	-	(2,045)	(2,045)
<b>Other comprehensive (loss) for the year</b>	-	(3)	(3)
<b>Total comprehensive (loss) for the year</b>	-	(2,048)	(2,048)
<b>Issue of share capital</b>	5,000	-	5,000
<b>Balance at 31 December 2014</b>	42,114	4,511	46,625

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)**

The financial statements of BP International Limited for the year ended 31 December 2014 were approved by the board of directors on 22 September 2015 and the balance sheet was signed on the board's behalf by R C Harrington. BP International Limited is a limited company incorporated in England and Wales. The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2014 the company has changed its accounting framework from previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP) to FRS 101 as issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 and the provisions of the Companies Act 2006. A qualifying entity may apply FRS 101 for accounting periods beginning on or after 1 January 2015, however early application is permitted by the standard and as such BP International Limited has elected to apply FRS 101 early.

There were no material measurement or recognition adjustments on the adoption of FRS 101.

**2. Significant accounting policies, judgements, estimates and assumptions**

The significant accounting policies and critical accounting judgements, estimates and assumptions of the company are set out below.

**Basis of preparation**

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The accounting policies that follow have been consistently applied to all years presented. Where retrospective restatements were required as a result of the implementation of new accounting standards or changes to existing accounting standards, these have been applied to all comparative years presented.

These financial statements are separate financial statements. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group financial statements of BP p.l.c. Details of the parent in whose consolidated financial statements the company is included in are shown in Note 30 to the financial statements.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**

**Basis of preparation (continued)**

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- (b) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets.
- (d) the requirements of paragraphs 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (h) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (i) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 30.

The company has also chosen early application of the 'Amendments to FRS 101: Reduced Disclosure Framework 2014/15 cycle and other minor amendments', which removes the requirement to present an opening statement of financial position at the date of transition.

The financial statements are presented in US dollars and all values are rounded to the nearest million dollars (\$ million), except where otherwise indicated.

**Critical accounting policies: use of judgements, estimates and assumptions**

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used. The critical judgements and estimates that could have a significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the Notes to the financial statements:

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**

**Critical accounting policies: use of judgements, estimates and assumptions (continued)**

***Impairment of financial assets***

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against the future recoverability of those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

***Provisions***

Other provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

***Deferred tax***

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future tax planning strategies.

***Going concern***

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the financial statements have therefore been prepared under the going concern basis.

***Foreign currency***

The functional and presentation currency of the financial statements is US dollars. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

Assets and liabilities of foreign currency branches are translated into US dollars at rates of exchange ruling at the balance sheet date. The profit and loss account is translated into US dollars using average rates of exchange. Exchange differences arising when the opening net assets and the profits for the year retained by foreign currency branches are translated into US dollars are taken directly to reserves and reported in other comprehensive income. When a foreign currency branch is disposed of the cumulative amount of foreign currency differences included in other comprehensive income is reclassified to the profit and loss account.



**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**  
**Investments**

Fixed asset investments in subsidiaries and associates are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investments 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.

Where these circumstances have reversed the impairment previously made is reversed to the extent of the original cost of the investment.

All other fixed asset investments are stated in the financial statements at cost less provisions for impairment.

**Goodwill**

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the recoverable amount of the cash-generating unit to which the goodwill relates should be assessed. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

**Intangible assets**

Intangible assets, include expenditure on computer software, patents, licences and trademarks and are stated at the amount initially recognised, less accumulated amortisation and accumulated impairment losses.

Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives. For patents, licences and trademarks, expected useful life is the shorter of the duration of the legal agreement and economic useful life, and can range from three to fifteen years. Computer software costs generally have a useful life of three to five years.

The expected useful lives of assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

## **BP INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **2. Significant accounting policies, judgements, estimates and assumptions (continued)**

##### **Tangible assets**

Tangible 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 the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, 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 assets.

Tangible assets are depreciated on a straight-line basis over their expected useful lives. The typical useful lives of the company's tangible assets are as follows:

Refining & marketing 4 to 10 years

Corporate & other 4 to 33 years

The expected useful lives of tangible assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying amount of tangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the period in which the item is derecognised.

##### **Impairment of intangible and tangible 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. If any such indication of impairment exists, the company makes an estimate of the asset's recoverable amount. 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. An asset group's recoverable amount is the higher of its fair value less costs to sell 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. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**

**Impairment of intangible and tangible assets (continued)**

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 an 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.

**Stock**

Stock, other than stock held for trading purposes, is stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Net realisable value is determined by reference to prices existing at the balance sheet date.

Stock held for trading purposes is stated at fair value less costs to sell and any changes in fair value are recognised in the profit and loss account.

**Leases**

Finance leases, which transfer to the company substantially all risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease term at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly to the profit and loss account.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. For both finance and operating leases, contingent rents are recognised in the profit and loss account in the period in which they are incurred.

**Financial assets**

Financial assets are classified as loans and receivables; financial assets at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; or as held-to-maturity financial assets, as appropriate. Financial assets may include cash and cash equivalents, trade receivables, other receivables, loans, other investments, and derivative financial instruments. The company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**

**Financial assets (continued)**

The subsequent measurement of financial assets depends on their classification, as follows:

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes trade and other receivables. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and have a maturity of three months or less from the date of acquisition.

***Financial assets at fair value through profit or loss***

Financial assets, including financial guarantees, at fair value through profit or loss are carried on the balance sheet at fair value with gains or losses recognised in the profit and loss account. Derivatives, other than those designated as effective hedging instruments, are classified as held for trading and are included in this category.

***Derivatives designated as hedging instruments in an effective hedge***

Such derivatives are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

***Held-to-maturity financial assets***

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that management has the positive intention and ability to hold to maturity. They are measured at amortised cost using the effective interest method, less any impairment.

**Impairment of financial assets**

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

***Loans and receivables***

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognised in the profit and loss account.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**

**Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; or as financial liabilities measured at amortised cost, as appropriate. Financial liabilities may include trade and other payables, accruals, most items of finance debt and derivative financial instruments. The company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

***Financial liabilities at fair value through profit or loss***

Financial liabilities, including financial guarantees, at fair value through profit or loss are carried on the balance sheet at fair value with gains or losses recognised in the profit and loss account. Derivatives, other than those designated as effective hedging instruments, are classified as held for trading and are included in this category.

***Derivatives designated as hedging instruments in an effective hedge***

Such derivatives are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

***Financial liabilities measured at amortised cost***

All other financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other income and finance costs. This category of financial liabilities includes trade and other payables and finance debt.

**Derivative financial instruments and hedging activities**

The company uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices as well as for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives relating to unquoted equity instruments are carried at cost where it is not possible to reliably measure their fair value subsequent to initial recognition. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

## **BP INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **2. Significant accounting policies, judgements, estimates and assumptions (continued)**

##### **Derivative financial instruments and hedging activities (continued)**

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the company's expected purchase, sale or usage requirements, are accounted for as financial instruments. Contracts to buy or sell equity investments, including investments in associates, are also financial instruments. Gains or losses arising from changes in the fair value of derivatives that are not designated as effective hedging instruments are recognised in the profit and loss account.

If, at inception of a contract, the valuation cannot be supported by observable market data, any gain or loss determined by the valuation methodology is not recognised in the profit and loss account but is deferred on the balance sheet and is commonly known as 'day-one profit or loss'. This deferred gain or loss is recognised in the profit and loss account over the life of the contract until substantially all the remaining contract term can be valued using observable market data at which point any remaining deferred gain or loss is recognised in the profit and loss account. Changes in valuation from the initial valuation are recognised immediately through the profit and loss account.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging exposure to changes in the fair value of a recognised asset or liability.
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Hedge relationships are formally designated and documented at inception, together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected at inception to be highly effective in achieving offsetting changes in fair value or cash flows. Hedges meeting the criteria for hedge accounting are accounted for as follows:

##### *Fair value hedges*

The change in fair value of a hedging derivative is recognised in the profit and loss account. The change in the fair value of the hedged item attributable to the risk being hedged is recorded as part of the carrying value of the hedged item and is also recognised in the profit and loss account.

If the criteria for hedge accounting are no longer met, or if the company revokes the designation, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the profit and loss account over the period to maturity.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**

**Derivative financial instruments and hedging activities (continued)**

***Cash flow hedges***

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised within other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are transferred to the profit and loss account when the hedged transaction affects the profit and loss account. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit and loss account within finance costs.

Where the hedged item is the cost of a non-financial asset or liability, such as a forecast transaction for the purchase of tangible assets, the amounts recognised within other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. Where the hedged item is an equity investment, such as an investment in an associate, the amounts recognised in other comprehensive income remain in the separate component of equity until the investment is sold or impaired.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised within other comprehensive income remain in equity until the forecast transaction occurs and are transferred to the profit and loss account or to the initial carrying amount of a non-financial asset or liability as above.

**Embedded derivatives**

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract. Contracts are assessed for embedded derivatives when the company becomes a party to them, including at the date of a business combination. Embedded derivatives are measured at fair value at each balance sheet date. Any gains or losses arising from changes in fair value are taken directly to the profit and loss account.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The company categorises assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or BP group's assumptions about pricing by market participants.

**Offsetting of financial assets and liabilities**

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the company currently has a legally enforceable right to set off the recognised amounts; and the company intends to either settle on a net basis or realise the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net.

## **BP INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **2. Significant accounting policies, judgements, estimates and assumptions (continued)**

##### **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, 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.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

##### **Deferred tax**

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off taxation assets against taxation liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

##### **Turnover**

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

##### **Interest income**

Interest income is recognised as the interest accrues (using the effective interest rate that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).



**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies, judgements, estimates and assumptions (continued)**

**Dividend income**

Dividend income from investments is recognised when the shareholders' right to receive the payment is established.

**Research**

Research costs are expensed as incurred.

**Finance costs**

All finance costs are recognised in the profit and loss account in the period in which they are incurred.

**Dividends payable**

Final dividends are recorded in the financial statements in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

**3. Turnover and other income**

Turnover is mainly comprised of sales of goods.

Turnover	77,787	91,727
Interest receivable and similar income (Note 6)	2,235	1,763
Income from shares in group undertakings	7,887	41,690
Other income	149	177
	<u>88,058</u>	<u>135,357</u>

An analysis of turnover by class of business is set out below:

	<u>2014</u>	<u>2013</u>
	\$ million	\$ million
Class of business:		
Downstream	78,236	92,006
Other business and corporate	192	231
Sales between businesses	(641)	(510)
Total	<u>77,787</u>	<u>91,727</u>

The country of origin and destination is substantially the UK geographic area.

**BP INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014****4. Operating (loss)/profit**

This is stated after charging / (crediting):

	2014	2013
	\$ million	\$ million
Operating lease payments:		
Plant & machinery	64	63
Land & buildings	46	30
Net foreign exchange (gains) / losses	(486)	82
Expenditure on research	73	72
Depreciation of tangible assets (including amortisation of intangibles)	211	200
Impairment of investments	9,739	24,754

Details of impairment of investments are included within Note 12.

**5. Auditor's remuneration**

	2014	2013
	\$000	\$000
Fees for the audit of the company	2,524	2,342

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 financial statements since the consolidated financial statements of BP International Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

**6. Interest receivable and similar income**

	2014	2013
	\$ million	\$ million
Interest income from amounts owed by group undertakings	1,585	1,223
Other interest income	650	540
Total interest receivable and similar income	2,235	1,763

**7. Interest payable and similar charges**

	2014	2013
	\$ million	\$ million
Interest expense on:		
Loans from group undertakings	2,134	1,972
Total interest payable and similar charges	2,134	1,972

**8. Taxation**

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

In respect of the 'ORF' activities (Outside the Ring Fence, meaning other than oil extraction activities in the UK and UK Continental Shelf) of other group members, BP International Limited previously undertook to procure the claim or surrender of free group relief to the extent it is required or to otherwise indemnify and provide for any current or deferred UK tax that arises. During the period that agreement was terminated and as a result for 2014 UK corporation tax provided is in relation to BP International Limited only.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. Taxation (continued)**

The taxation (credit) in the profit and loss account is made up as follows:

	<u>2014</u>	<u>2013</u>
	\$ million	\$ million
<b><u>Current tax</u></b>		
UK corporation tax on income for the year		
UK tax underprovided in prior years	-	5
	-	5
Overseas tax on income for the year	13	5
Total current tax charged	13	10
<b><u>Deferred tax</u></b>		
Origination and reversal of temporary differences	(153)	(328)
Effect of (decreased) tax rate on opening liability	-	(225)
Adjustments in prior year temporary differences	(69)	252
Total deferred tax (credited)	(222)	(301)
 Tax (credited) on profit on ordinary activities	 (209)	 (291)

**(a) Reconciliation of the effective tax rate**

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 21% for the year ended 31 December 2014 (2013: 23%). The differences are reconciled below:

	<u>2014</u>	<u>2013</u>
	UK	UK
	\$ million	\$ million
(Loss) / profit on ordinary activities before tax	(2,254)	16,536
Taxation	(209)	(291)
Effective tax rate	9%	(2)%

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. Taxation (continued)**

**(a) Reconciliation of the effective tax rate (continued)**

	<u>2014</u>	<u>2013</u>
	<u>UK</u>	<u>UK</u>
	<u>%</u>	<u>%</u>
UK corporation tax rate:	21	23
Overseas corporation tax rate:	-	-
Increase / (decrease) resulting from:		
Non-deductible expenditure	(93)	35
Double tax relief	1	-
Overseas tax	-	(17)
Tax rate differences	-	(1)
Free group relief	(1)	-
Dividends not subject to UK tax	73	(58)
Adjustments to tax charge in respect of previous years	3	2
Opening DT recognised in CY	5	-
Current tax provided on behalf of group companies	-	17
Current year movement in deferred tax recognised on behalf of group companies	-	(3)
Effective tax rate	<u>9</u>	<u>(2)</u>

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

**Change in corporation tax rate**

The UK corporation tax rate was reduced from 23% to 21% effective 1 April 2014 and will reduce to 20% from 1 April 2015. Deferred tax has been measured using the rates substantively enacted at 31 December 2014.

**(b) Provision for deferred tax**

The deferred tax included in the profit and loss account and balance sheet is as follows:

	<u>Profit and loss account</u>		<u>Balance sheet</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Deferred tax asset</u>	<u>\$ million</u>	<u>\$ million</u>	<u>\$ million</u>	<u>\$ million</u>
Decommissioning and other provisions	(538)	(49)	-	538
Tax losses carried forward	(104)	(14)	-	104
Net provision for deferred tax assets	<u>(642)</u>	<u>(63)</u>	<u>-</u>	<u>642</u>

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. Taxation (continued)**

**(b) Provision for deferred tax (continued)**

<u>Deferred tax liability</u>	<u>Profit and loss account</u>		<u>Balance sheet</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$ million</u>	<u>\$ million</u>	<u>\$ million</u>	<u>\$ million</u>
Accelerated capital allowances	(656)	(352)	-	656
Other taxable temporary differences	(208)	(12)	-	208
Net charge / provision for deferred tax liabilities	<u>(864)</u>	<u>(364)</u>	<u>-</u>	<u>864</u>

**Analysis of movements during the year**

	<u>2014</u>
	<u>\$ million</u>
At 1 January 2014	222
Deferred tax credit in the profit and loss account	(222)
At 31 December 2014	<u>-</u>

**(c) Factors that may affect future tax charges**

Deferred tax of \$170 million has not been recognised on timing differences relating to fixed assets and capital losses carried forward as they are not expected to give rise to future tax benefits.

**9. Directors and employees**

**(a) Remuneration of directors**

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2013: \$Nil).

B Gilvary is a director of BP p.l.c., the ultimate parent undertaking, in whose accounts information required by the Companies Act 2006 as regards to emoluments is given. The remaining directors are senior executives of, and are remunerated by, BP p.l.c. and received no remuneration for services to this company or its subsidiary undertakings.

**(b) Employee costs**

The company had no employees during the year (2013: Nil).

**BP INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014****10. Intangible assets**

	<b>Software &amp; other</b>	<b>Goodwill</b>	<b>Total</b>
<b>Cost</b>	<b>\$ million</b>	<b>\$ million</b>	<b>\$ million</b>
At 1 January 2014	791	42	833
Exchange adjustments	(25)	-	(25)
Additions	36	-	36
Disposals	(46)	-	(46)
At 31 December 2014	<u>756</u>	<u>42</u>	<u>798</u>
<b>Amortisation and impairment</b>			
At 1 January 2014	592	42	634
Exchange adjustments	(18)	-	(18)
Disposals	(39)	-	(39)
Charge for the year	50	-	50
At 31 December 2014	<u>585</u>	<u>42</u>	<u>627</u>
<b>Net book value</b>			
At 31 December 2014	<u>171</u>	<u>-</u>	<u>171</u>
At 31 December 2013	<u>199</u>	<u>-</u>	<u>199</u>

**BP INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014****11. Tangible assets**

	<b>Refining &amp; marketing</b>	<b>Corporate &amp; other</b>	<b>Total</b>	<b>Of which AUC*</b>
<b>Cost</b>	<b>\$ million</b>	<b>\$ million</b>	<b>\$ million</b>	<b>\$ million</b>
At 1 January 2014	1,058	1,480	2,538	162
Exchange adjustments	(42)	(87)	(129)	(8)
Additions	49	150	199	140
Disposals	(4)	(77)	(81)	-
Transfers	-	-	-	(155)
At 31 December 2014	<u>1,061</u>	<u>1,466</u>	<u>2,527</u>	<u>139</u>
<b>Depreciation and impairment</b>				
At 1 January 2014	643	846	1,489	-
Exchange adjustments	(24)	(53)	(77)	-
Charge for the year	40	121	161	-
Disposals	(3)	(66)	(69)	-
At 31 December 2014	<u>656</u>	<u>848</u>	<u>1,504</u>	<u>-</u>
<b>Net book value</b>				
At 31 December 2014	<u>405</u>	<u>618</u>	<u>1,023</u>	<u>139</u>
At 31 December 2013	<u>415</u>	<u>634</u>	<u>1,049</u>	<u>162</u>

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

The net book value of freehold land at 31 December 2014 is \$15 million (2013: \$15 million).

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**12. Investments**

	Subsidiary shares	Investment in associates	Loans to associates	Other	Total
Cost	\$ million	\$ million	\$ million	\$ million	\$ million
At 1 January 2013	63,675	25	2	193	63,895
Exchange adjustments	1	-	-	(76)	(75)
Additions	10,007	-	-	4	10,011
Transfers	-	-	-	(7)	(7)
Repayment	-	-	-	(20)	(20)
At 31 December 2013	73,683	25	2	94	73,804
At 1 January 2014	73,683	25	2	94	73,804
Exchange adjustments	-	-	-	(52)	(52)
Additions	16,632	-	20	-	16,652
Disposals	(433)	-	-	-	(433)
At 31 December 2014	89,882	25	22	42	89,971
<b>Impairment losses</b>					
At 1 January 2013	816	-	-	22	838
Charge for the year	24,754	-	-	-	24,754
Transfers	-	-	-	(7)	(7)
At 31 December 2013	25,570	-	-	15	25,585
At 1 January 2014	25,570	-	-	15	25,585
Exchange adjustments	-	-	-	-	-
Charge for the year	9,739	-	-	-	9,739
Disposals	-	-	-	-	-
At 31 December 2014	35,309	-	-	15	35,324
<b>Net book amount</b>					
At 31 December 2014	54,573	25	22	27	54,647
At 31 December 2013	48,113	25	2	79	48,219

During the year the company provided \$9,739 million against its investment in subsidiary undertakings including BP Caplux S.A. (\$4,543 million), BP Exploration Company Limited (\$3,334 million) and BP Australia Swaps Management Limited (\$1,283 million). In each case the impairments were recorded because the underlying net assets of the entities involved were lower than the investment carrying value. The underlying net assets are considered to represent their fair value less costs of disposal. The carrying value of the investments at the end of the year was \$4,640 million for BP Caplux S.A., \$29,570 million for BP Exploration Company Limited and \$6,107 million for BP Australia Swaps Management Limited. Further information on the net assets of these companies is shown in their respective final statements.



**BP INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014****12. Investments (continued)**

The investments in the subsidiary and associated undertakings are unlisted.

The subsidiary undertakings and associated undertakings of the company at 31 December 2014 and the percentage of equity capital held set out below are the investments which principally affected the profits or net assets of the company. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

Subsidiary undertakings	Class of share held	%	Country of incorporation	Principal activity
BP Australia Swaps Management Limited	Ordinary	100	England & Wales	Finance
BP Capital Markets p.l.c.	Ordinary	100	England & Wales	Finance
BP Caplux S.A.	Ordinary	100	Luxembourg	Holding company
BP Exploration Company Limited	Ordinary	100	Scotland	Exploration and production
BP Finance p.l.c.	Ordinary	100	England & Wales	Finance
BP Oil UK Limited	Ordinary	100	England & Wales	Refining and marketing
BP Russian Investments Limited	Ordinary	100	England & Wales	Holding company
BP Singapore Pte. Limited	Ordinary	100	Singapore	Refining and marketing
BP Sutton Limited	Ordinary	100	England & Wales	Finance

For a full list of significant holdings, see note 31.

**13. Stocks**

	2014	2013
	\$ million	\$ million
Stock held for trading purposes	1,633	3,180
Stock held not for trading	27	27
	<u>1,660</u>	<u>3,207</u>

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

**14. Debtors**

Amounts falling due within one year:

	2014	2013
	\$ million	\$ million
Trade debtors	2,006	5,435
Amounts owed by group undertakings	38,003	75,041
Amounts owed by associates	268	186
Other debtors	343	328
Prepayments and accrued income	199	217
	<u>40,819</u>	<u>81,207</u>

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**14. Debtors (continued)**

Amounts falling due after one year:

	<u>2014</u>	<u>2013</u>
	\$ million	\$ million
Amounts owed by group undertakings	71,629	49,643
Amounts owed by associates	-	47
Other debtors	-	1
Prepayments and accrued income	14	18
	<u>71,643</u>	<u>49,709</u>
 Total debtors	 <u>112,462</u>	 <u>130,916</u>

**15. Creditors**

Amounts falling due within one year:

	<u>2014</u>	<u>2013</u>
	\$ million	\$ million
Trade creditors	4,516	7,555
Amounts owed to group undertakings	77,765	88,568
Amounts owed to associates	43	761
Other creditors	1,520	2,059
Accruals and deferred income	520	708
Taxation	95	-
	<u>84,459</u>	<u>99,651</u>

Amounts falling after one year:

	<u>2014</u>	<u>2013</u>
	\$ million	\$ million
Trade creditors	-	-
Amounts owed to group undertakings	64,154	60,125
Amounts owed to associates	-	-
Other creditors	24	-
Accruals and deferred income	24	21
	<u>64,202</u>	<u>60,146</u>
 Total creditors	 <u>148,661</u>	 <u>159,797</u>

**16. Bank loans and overdrafts**

At 31 December 2014 the company had access to the Group's undrawn borrowing facilities available amounting to \$7,375 million (2013: \$7,375 million), which were covered by formal commitments.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**17. Obligations under leases**

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<u>2014</u>	<u>2013</u>
	\$ million	\$ million
Operating leases:		
Within 1 year	85	80
Between 2 to 5 years	154	163
Thereafter	<u>36</u>	<u>40</u>

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. Financial instruments and financial risk factors**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below.

At 31 December 2014	Note	Loans and receivables \$ million	Available-for- sale financial assets \$ million	At fair value through profit or loss \$ million	Financial liabilities measured at amortised cost \$ million	Total \$ million
Financial assets						
Trade and other receivables	14	112,462	-	-	-	112,462
Derivative financial instruments	19	-	-	1,720	-	1,720
Financial liabilities						
Trade and other payables	15	-	-	-	(148,661)	(148,661)
Derivative financial instruments	19	-	-	(2,242)	-	(2,242)
		<u>112,462</u>	<u>-</u>	<u>(522)</u>	<u>(148,661)</u>	<u>(36,721)</u>
At 31 December 2013	Note	Loans and receivables \$ million	Available-for- sale financial assets \$ million	At fair value through profit or loss \$ million	Financial liabilities measured at amortised cost \$ million	Total \$ million
Financial assets						
Trade and other receivables	14	130,916	-	-	-	130,916
Derivative financial instruments	19	-	-	1,364	-	1,364
Cash and cash equivalents						
Financial liabilities						
Trade and other payables	15	-	-	-	(159,797)	(159,797)
Derivative financial instruments	19	-	-	(694)	-	(694)
		<u>130,916</u>	<u>-</u>	<u>670</u>	<u>(159,797)</u>	<u>(28,211)</u>

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. Financial instruments and financial risk factors (continued)**

For all financial instruments, the carrying amount is either the fair value, or approximates the fair value.

***Financial risk factors***

The management of financial risks is performed at BP group level. The main risk factors applicable to the company are market risk (including commodity price risk) and credit risk. Further details on these financial risks are included within Note 27 of the BP group Annual Report and Form 20-F for the year ended 31 December 2014.

***Market risk***

The company, as part of the BP group, measures commodity price risk exposure arising from its trading positions in liquid periods using value-at-risk techniques. These techniques make a statistical assessment of the market risk arising from possible future changes in market prices over a one-day holding period. The value-at-risk measure is supplemented by stress testing. Trading activity occurring in liquid periods is subject to value-at-risk limits for each trading activity and for this trading activity in total. The BP group board has delegated a limit of \$100 million value at risk in support of this trading activity. Alternative measures are used to monitor exposures which are outside liquid periods and which cannot be actively risk-managed.

***Credit risk***

The maximum credit exposure associated with financial assets is equal to the carrying amount. The company does not aim to remove credit risk entirely but expects to experience a certain level of credit losses.

For the contracts comprising derivative financial instruments in an asset position at 31 December 2014 it is estimated that around 90% (2013 around 90%) of the unmitigated credit exposure is to counterparties of investment grade credit quality.

Trade and other receivables classified as financial assets are analysed in the table below. \$109,863 of trade and other receivables relates to balances with group entities, and of the remainder it is estimated that approximately 75-80% (2013 approximately 70-80%) of the unmitigated trade receivables portfolio exposure is of investment grade credit quality.

Trade and other receivables at 31 December

	2014	2013
	\$ million	\$ million
Neither impaired nor past due	112,216	130,724
Impaired (net of provision)	-	-
Not impaired and past due in the following periods		
within 30 days	140	130
31 to 60 days	12	2
61 to 90 days	62	17
over 90 days	32	43
	<u>112,462</u>	<u>130,916</u>

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. Financial instruments and financial risk factors (continued)**

***Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements***

The following table shows the gross amounts of recognised financial assets and liabilities (i.e. before offsetting) and the amounts offset in the balance sheet.

Amounts which cannot be offset under IFRS, but which could be settled net under the terms of master netting agreements if certain conditions arise, and collateral received or pledged, are also shown in the table to show the total net exposure of the group.

	Gross amounts of recognised financial assets (liabilities)	Amounts set off	Net amounts presented on the balance sheet	Related amounts not set off in the balance sheet		Net amount
	\$ million	\$ million	\$ million	Master netting arrangements	Cash collateral received	\$ million
At 31 December 2014						
Derivative assets	1,720	-	1,720	(827)	-	893
Derivative liabilities	(2,242)	-	(2,242)	827	-	(1,415)
Trade receivables	332	-	332	(26)	-	306
Trade payables	(26)	-	(26)	26	-	-
At 31 December 2013						
Derivative assets	1,364	-	1,364	(252)	-	1,112
Derivative liabilities	(694)	-	(694)	252	-	(442)
Trade receivables	267	-	267	-	-	267
Trade payables	(24)	-	(24)	-	-	(24)

***Liquidity risk***

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. The company's liquidity is managed centrally with operating units forecasting their cash and currency requirements to the central treasury function. Unless restricted by local regulations, subsidiaries pool their cash surpluses to treasury, which will then arrange to fund other subsidiaries' requirements, or invest any net surplus in the market or arrange for necessary external borrowings, while managing the company's overall net currency positions.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. Financial instruments and financial risk factors (continued)**

***Liquidity risk (continued)***

The company manages liquidity risk associated with derivative contracts based on the expected maturity of both derivative assets and liabilities as indicated in Note 19. Management does not currently anticipate any cash flows that could be of a significantly different amount, or could occur earlier than the expected maturity analysis provided.

**19. Derivatives and other financial instruments**

In the normal course of business the company enters into derivative financial instruments (derivatives), to manage its normal business exposures in relation to commodity prices, foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt consistent with risk management policies and objectives.

***Derivatives held for trading***

The company maintains active trading positions in a variety of derivatives. The contracts may be entered into for risk management purposes, to satisfy supply requirements or for entrepreneurial trading. Certain contracts are classified as held for trading, regardless of their original business objective, and are recognised at fair value with changes in fair value recognised in the profit and loss account. Trading activities are undertaken by using a range of contract types in combination to create incremental gains by arbitraging process between markets, locations and time period. The net of these exposures is monitored using market value-at-risk techniques.

The fair values of derivative financial instruments at 31 December are set out below.

	2014	2014	2013	2013
	Fair value asset \$ million	Fair value liability \$ million	Fair value asset \$ million	Fair value liability \$ million
Cash flow hedges				
- Currency forwards, futures and cylinders	-	(97)	-	(69)
	-	(97)	-	(69)
Fair value hedges				
- Currency forwards, futures and swaps	78	(518)	341	(153)
- Interest rate swaps	926	(12)	411	(135)
	1,004	(530)	752	(288)
Derivatives held for trading				
- Currency derivatives	116	(1,033)	280	(120)
- Oil price derivatives	520	(498)	245	(130)
- Interest rate contracts	80	(84)	87	(87)
	716	(1,615)	612	(337)
	1,720	(2,242)	1,364	(694)
Of which:				
- current	591	(721)	516	(236)
- non-current	1,129	(1,521)	848	(458)
	1,720	(2,242)	1,364	(694)

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**19. Derivatives and other financial instruments (continued)**

The following table shows the fair value of derivative assets and derivative liabilities held for trading, analysed by maturity period and by methodology of fair value estimation.

2014	Less than 1 year \$ million	1-2 years \$ million	2-3 years \$ million	3-4 years \$ million	4-5 years \$ million	Over 5 years \$ million	Total \$ million
Fair value of derivative assets							
Level 1	96	-	-	-	-	-	96
Level 2	488	50	2	17	63	-	620
Level 3	19	-	-	-	-	-	19
	<u>603</u>	<u>50</u>	<u>2</u>	<u>17</u>	<u>63</u>	<u>-</u>	<u>735</u>
Less: netting by counterparty	(19)	-	-	-	-	-	(19)
	<u>584</u>	<u>50</u>	<u>2</u>	<u>17</u>	<u>63</u>	<u>-</u>	<u>716</u>
Fair value of derivative liabilities							
Level 1	(21)	-	-	-	-	-	(21)
Level 2	(675)	(187)	-	(21)	(254)	(459)	(1,596)
Level 3	(17)	-	-	-	-	-	(17)
	<u>(713)</u>	<u>(187)</u>	<u>-</u>	<u>(21)</u>	<u>(254)</u>	<u>(459)</u>	<u>(1,634)</u>
Less: netting by counterparty	19	-	-	-	-	-	19
	<u>(694)</u>	<u>(187)</u>	<u>-</u>	<u>(21)</u>	<u>(254)</u>	<u>(459)</u>	<u>(1,615)</u>
Net fair value	<u>(110)</u>	<u>(137)</u>	<u>2</u>	<u>(4)</u>	<u>(191)</u>	<u>(459)</u>	<u>(899)</u>



**BP INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**19. Derivatives and other financial instruments (continued)**

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
2013							
Fair value of derivative assets	137	-	-	-	-	-	137
Level 1	228	13	22	-	21	92	376
Level 2	95	9	-	-	-	-	104
Level 3	460	22	22	-	21	92	617
Less: netting by counterparty	(3)	(2)	-	-	-	-	(5)
	457	20	22	-	21	92	612
Fair value of derivative liabilities							
Level 1	(108)	-	-	-	-	-	(108)
Level 2	(117)	(12)	(1)	-	(21)	(65)	(216)
Level 3	(15)	(3)	-	-	-	-	(18)
	(240)	(15)	(1)	-	(21)	(65)	(342)
Less: netting by counterparty	3	2	-	-	-	-	5
	(237)	(13)	(1)	-	(21)	(65)	(337)
Net fair value	220	7	21	-	-	27	275

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**19. Derivatives and other financial instruments (continued)**

***Level 3 derivatives***

The following table shows the changes during the year in the net fair value of derivatives held for trading purposes within level 3 of the fair value hierarchy.

	<u>Oil price</u>
	<u>\$ million</u>
Net fair value of contracts as at 1 January 2014	86
Settlements	<u>(84)</u>
Net fair value of contracts at 31 December 2014	<u>2</u>

	<u>Oil price</u>
	<u>\$ million</u>
Net fair value of contracts as at 1 January 2013	117
Gains (losses) recognized in the income statement	76
Settlements	<u>(107)</u>
Net fair value of contracts at 31 December 2013	<u>86</u>

***Derivative gains and losses***

Gains and losses relating to derivative contracts are included within sales and other operating revenues and within purchases in the income statement depending upon the nature of the activity and type of contract involved. The contract types treated in this way include futures, options, swaps and certain forward sales and forward purchases contracts, and relate to both currency and commodity trading activities. Gains or losses arise on contracts entered into for risk management purposes, optimization activity and entrepreneurial trading. They also arise on certain contracts that are for normal procurement or sales activity for the group but that are required to be fair valued under accounting standards. Also included within sales and other operating revenues are gains and losses on inventory held for trading purposes. The total amount relating to all these items (excluding gains and losses on realized physical derivative contracts that have been reflected gross in the income statement within sales and purchases) was a net loss of \$51 million (2013: \$59 million net gain). This number does not include gains and losses on realized physical derivative contracts that have been reflected gross in the income statement within sales and purchases or the change in value of transportation and storage contracts, but does include the associated financially settled contracts. The net amount for actual gains and losses relating to derivative contracts and all related items therefore may differ significantly from the amount disclosed above.

***Fair value hedges***

At 31 December 2014, the company held interest rate and cross-currency interest rate swap contracts as fair value hedges of the interest rate risk on fixed rate debt issued by the company. The loss on the hedging derivative instruments recognized in the income statement in 2014 was \$19 million (2013 \$1,159 million loss) offset by a gain on the fair value of the finance debt of \$13 million (2013 \$1,147 million gain).

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**20. Capital management**

The company defines capital as total equity (which is the company's net asset value). We maintain our financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. We continue to target a gearing range of 10-20% for the BP group and to maintain a significant liquidity buffer while uncertainties remain.

**21. Other provisions**

	<u>Other</u> \$ million
At 1 January 2013	108
Exchange adjustments	1
New or increased provisions	46
Utilisation	(10)
At 31 December 2013	<u>145</u>
At 1 January 2014	145
Exchange adjustments	(6)
New or increased provisions	(6)
Write-back of unused provisions	(6)
Utilisation	(27)
At 31 December 2014	<u>100</u>

**22. Called up share capital**

	<u>2014</u> \$ million	<u>2013</u> \$ million
Issued and fully paid:		
27,097,181,708 Ordinary shares of £1 each for a total nominal value of £27,097,181,708	<u>42,114</u>	<u>37,114</u>

On 23 March 2014, 3,010,234,798 ordinary shares of £1 each for a total nominal value of \$5,000 million were allotted to the immediate parent company at par value.

On 8 September 2015, 1,818,654,195 ordinary shares of £1 each for a total nominal value of \$2,800,000,000 were allotted to the immediate parent company.

**23. Reserves**

*Called up share capital*

The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

*Profit and loss account*

The balance held on this reserve is the accumulated retained profits of the company and the currency fluctuations in relation to the foreign currency branches.

In 2014 the company paid interim ordinary dividends of \$Nil (2013: \$12,425 million). The dividend per share was \$Nil (2013 dividend per share: \$0.52).

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**24. Capital commitments**

Authorised and contracted future capital expenditure by the company for which contracts had been placed but not provided in the financial statements at 31 December 2014 is estimated at \$77 million (2013: \$216 million).

**25. Guarantees and other financial commitments**

The company has issued guarantees under which the maximum aggregate liabilities at 31 December 2014 were \$28,189 million (2013: \$25,724 million), the majority of which relate to obligations of fellow subsidiaries of BP plc. The company has also issued uncapped indemnities and guarantees, the majority of which are for potential environmental claims related to ships leased and operated by a fellow subsidiary of BP plc. These are contingent liabilities upon which no material losses are expected to arise.

**26. Related party transactions**

The company has taken advantage of the exemption contained within paragraph 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**26. Related party transactions (continued)**

Related party	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
	<u>\$ million</u>	<u>\$ million</u>	<u>\$ million</u>	<u>\$ million</u>
Associates				
2014	1,208	4,507	-	-
2013	1,042	5,633	-	757
Affiliates				
2014	2,449	-	378	242
2013	2,474	-	413	329

**27. Off-balance sheet arrangements**

The company enters into operating lease arrangements for the rental of buildings and plant and equipment as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets. The operating lease charges for the year are disclosed in Note 4 and the whole obligation under these arrangements is disclosed in Note 17. There are no other material off-balance sheet arrangements.

**28. Post balance sheet events**

After the balance sheet date:

- the company subscribed for additional Ordinary Shares of £1.00 each at par value in the capital of its immediate subsidiary BP Exploration Company Limited for an aggregate amount of US\$19,799 million.
- on 8 September 2015, 1,818,654,195 ordinary shares of £1 each for a total nominal value of \$2,800,000,000 were allotted to the immediate parent company.
- on 8 September 2015, the Company purchased the entire issued share capital of BP Shipping Limited from BP P.L.C. Beneficial ownership was transferred on 8 September 2015 and legal ownership will be transferred following the update of the register of members.

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**29. Explanation of transition to FRS 101**

For all periods up to and including the year ended 31 December 2013, the company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2014, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2013 and the significant accounting policies meeting those requirements are described in the relevant notes.

On transition to FRS 101, the company has applied the requirements of paragraphs 6 – 33 of IFRS 1 'First time adoption of International Financial Reporting Standards'.

*Exemptions applied*

IFRS 1 allows first time adopters certain exemptions from the general requirements to apply IFRSs as effective for December 2014 year ends retrospectively. The company has taken advantage of the following exemptions:

- (a) business combinations (paragraphs C1 – C5)
- (b) leases (paragraph D9 and D9A);
- (c) cumulative translation differences (paragraphs D12 and D13);
- (d) investments in subsidiaries and associates (paragraphs D14 and D15);
- (e) assets and liabilities of subsidiaries, associates and joint ventures (paragraphs D16 and D17);
- (f) designation of previously recognised financial instruments (paragraphs D19–D19C);
- (g) fair value measurement of financial assets or financial liabilities at initial recognition (paragraph D20);
- (h) borrowing costs (paragraph D23);

There were no material measurement or recognition adjustments on adoption of FRS 101.

**BP INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014****30. Immediate and ultimate controlling parent undertaking**

The immediate parent undertaking is BP p.l.c, a company registered in England and Wales. The ultimate controlling parent undertaking is BP p.l.c., a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of BP p.l.c. can be obtained from 1 St James's Square, London, SW1Y 4PD.

**31. Significant holdings**

<b>Related undertaking</b>	<b>Country name</b>	<b>Holding</b>
Air BP Limited	United Kingdom	100%
Aviation Fuel Services Limited	United Kingdom	25%
BP Alternative Energy Holdings Limited	United Kingdom	100%
BP Alternative Energy International Limited	United Kingdom	100%
Hydrogen Energy International Limited	United Kingdom	100%
BP Australia Swaps Management Limited	United Kingdom	100%
BP Biofuels UK Limited	United Kingdom	100%
Campina Verde Bioenergia Ltda.	Brazil	99%
Central Itumbiara de Bioenergia e Alimentos S.A.	Brazil	99%
Ituiutaba Bioenergia Ltda.	Brazil	99%
BP Biofuels Trading Comércio, Importação e Exportação Ltda.	Brazil	99%
Tropical Bioenergia S.A.	Brazil	66%
Kingston Research Limited	United Kingdom	50%
Tropical Bioenergia S.A.	Brazil	33%
BP Brasil Investimentos Ltda	Brazil	99%
BP Capital Markets p.l.c.	United Kingdom	99%
BP Caplux S.A.	Luxembourg	100%
BP Chemicals Investments Limited	United Kingdom	100%
BP Aromatics Holdings Limited	United Kingdom	100%
BP Aromatics Limited	United Kingdom	100%
BP Aromatics Limited N.V.	Belgium	100%
BP Chemicals Limited	United Kingdom	100%
BP Chemicals (Korea) Limited	United Kingdom	100%
Asian Acetyls Co., Ltd	Korea, Republic of	34%
Samsung-BP Chemicals Co., Ltd	Korea, Republic of	51%
BP Chemicals France Holding	France	100%
Entrepot petrolier de Chambéry	France	32%
Entrepôt Pétrolier de Puget sur Argens - EPPA	France	58%
Fuelling Aviation Service - FAS	France	50%
Groupement Pétrolier de Saint Pierre des Corps	France	20%
Groupement Pétrolier de Strasbourg	France	33%
Middle East Lubricants Company LLC	United Arab Emirates	29%
Produits Métallurgie Doittau SA - PROMEDO	France	99%
Raffinerie de Strasbourg	France	33%
Sharjah Aviation Services Co. LLC	United Arab Emirates	49%
Société d'Avitaillement et de Stockage de Carburants Aviation	France	40%
Groupement pour l'Avitaillement de Lyon Saint-Exupéry	France	99%

**BP INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014****31. Significant holdings (continued)**

Société de Gestion de Dépôts d'Hydrocarbures - GDH	France	98%
Société de Gestion de Produits Pétroliers	France	37%
Société du Pipeline Méditerranée-Rhône	France	22%
SRHP	France	99%
Sociedade Abastecedora de Aeronaves, Unipessoal, Lda	Portugal	100%
Sociedade Abastecedora de Aeronaves, Lda	Portugal	25%
Sociedade de Promocao Imobiliaria Quinta do Loureiro, SA	Portugal	100%
BP World-Wide Technical Services Limited	United Kingdom	100%
BXL Plastics Limited	United Kingdom	100%
BP Chemicals Trading Limited	United Kingdom	100%
BP YPC Acetyls Company (Nanjing) Limited	China	50%
Yangtze River Acetyls Co., Ltd	China	51%
BP Chile Petrolera Limitada	Chile	50%
BP Dhofar LLC	Oman	49%
BP Dogal Gaz Ticaret Anonim Sirketi	Turkey	100%
BP Exploration Company Limited	United Kingdom	100%
BP (Abu Dhabi) Limited	United Kingdom	100%
BP Exploration (Finance) Limited	United Kingdom	100%
BP Exploration Company (Middle East) Limited	United Kingdom	100%
Abu Dhabi Petroleum Company Limited	United Kingdom	23%
Iraq Petroleum Company, Limited (In Liquidation)	United Kingdom	23%
BP Exploration Mexico Limited	United Kingdom	100%
BP Exploration Operating Company Limited	United Kingdom	100%
Amoco Angola B.V.	Netherlands	100%
BP Angola (Block 18) B.V.	Netherlands	100%
ARCO British Limited, LLC	United States	100%
Atlantic 2/3 UK Holdings Limited	United Kingdom	100%
BP Train 2/3 Holding SRL	Barbados	100%
Atlantic 2/3 Holdings LLC	United States	42%
Atlantic LNG 2/3 Company of Trinidad and Tobago...	Trinidad and Tobago	100%
Black Hill Industrial Estate Limited	United Kingdom	49%
BP Algeria Limited (In Liquidation)	United Kingdom	100%
BP Amoco Exploration (Faroes) Limited	United Kingdom	100%
BP Amoco Exploration (In Amenas) Limited	United Kingdom	100%
BP Brasil Ltda.	Brazil	99%
Castrol Brasil Ltda.	Brazil	55%
Castrol Servicos Ltda.	Brazil	99%
BP Brazil Tracking L.L.C.	United States	100%
BP Energy do Brasil Ltda.	Brazil	100%
BP Containment Response Limited	United Kingdom	100%
BP East Kalimantan CBM Limited	United Kingdom	100%
BP Energy Colombia Limited	United Kingdom	100%
BP Exploration (Algeria) Limited	United Kingdom	100%
ARCO El-Djazair LLC	United States	49%
BP Exploration (El Djazair) Limited	Bahamas	100%
In Salah Gas Ltd	Jersey	25%
In Salah Gas Services Ltd	Jersey	25%



**BP INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014****31. Significant holdings (continued)**

BP Exploration (Alpha) Limited	United Kingdom	100%
BP Exploration (Angola) Limited	United Kingdom	100%
BP Exploration (Azerbaijan) Limited	United Kingdom	100%
Azerbaijan Gas Supply Company Limited	Cayman Islands	23%
BP Exploration (Canada) Limited	United Kingdom	100%
BP Exploration (Caspian Sea) Limited	United Kingdom	100%
Azerbaijan International Operating Company	Cayman Islands	40%
BP EXPLORATION (XAZAR) PTE. LTD.	Singapore	100%
Energy Caspian Corporation	Virgin Islands, British	100%
Georgian Pipeline Company	Cayman Islands	40%
BP Exploration (Delta) Limited	United Kingdom	100%
North Ghara Petroleum Company	Egypt	30%
Petro Shadwan Petroleum Company	Egypt	25%
Rahamat Petroleum Company	Egypt	50%
West Morgan Petroleum Company	Egypt	50%
BP Exploration (Epsilon) Limited	United Kingdom	100%
BP Exploration (Greenland) Limited	United Kingdom	100%
BP Exploration (Morocco) Limited	United Kingdom	100%
BP Exploration (Namibia) Limited	United Kingdom	100%
BP Exploration (Nigeria Finance) Limited	United Kingdom	100%
BP Exploration (Nigeria) Limited	Nigeria	100%
BP Exploration (Shah Deniz) Limited	United Kingdom	100%
BP Exploration (South Atlantic) Limited	United Kingdom	100%
BP Exploration (Vietnam) Limited	United Kingdom	100%
BP Exploration Angola (Kwanza Benguela) Limited	United Kingdom	100%
BP Exploration Beta Limited	United Kingdom	100%
BP Exploration China Limited	United Kingdom	100%
BP Exploration do Brasil Ltda	Brazil	99%
BP Exploration Indonesia Limited	United Kingdom	100%
BP Exploration Libya Limited	United Kingdom	100%
BP Exploration North Africa Limited	United Kingdom	100%
BP Exploration Services Limited (In Liquidation)	United Kingdom	100%
BP Gas Marketing Limited	United Kingdom	100%
Trans Adriatic Pipeline AG	Switzerland	20%
BP Iran Limited	United Kingdom	99%
BP IRAQ N.V.	Belgium	100%
Phoenix Petroleum Services, Limited Liability Company	Iraq	100%
BP Kapuas I Limited	United Kingdom	100%
BP Kapuas II Limited	United Kingdom	100%
BP Kapuas III Limited	United Kingdom	100%
BP Kuwait Limited	United Kingdom	100%
BP Pipelines (TANAP) Limited	United Kingdom	100%
BP Shafag-Asiman Limited	United Kingdom	100%
BP Exploration (Shafag-Asiman) Limited	United Kingdom	100%
BP Sharjah Limited (In Liquidation)	United Kingdom	100%
BP Subsea Well Response (Brazil) Limited	United Kingdom	100%
BP Subsea Well Response Limited	United Kingdom	100%
BP Tanjung IV Limited	United Kingdom	100%
BP West Aru I Limited	United Kingdom	100%

**BP INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014****31. Significant holdings (continued)**

BP West Aru II Limited	United Kingdom	100%
BP West Papua I Limited	United Kingdom	100%
BP West Papua III Limited	United Kingdom	100%
Britoil Limited	United Kingdom	100%
Amoco (U.K.) Exploration Company, LLC	United States	100%
Amoco (Fiddich) Limited	United Kingdom	99%
Amoco U.K. Petroleum Limited	United Kingdom	100%
CATS North Sea Limited	United Kingdom	100%
Exploration (Luderitz Basin) Limited	United Kingdom	100%
Grangemouth Holdings Limited	United Kingdom	100%
Grangemouth Properties Limited	United Kingdom	100%
The Sullom Voe Association Limited	United Kingdom	33%
VIC CBM Limited	United Kingdom	50%
Virginia Indonesia Co. CBM Limited	United Kingdom	50%
BP Exploration Orinoco Limited	United Kingdom	100%
BP Petroleo y Gas, S.A.	Venezuela, Bolivarian Republic of	100%
BP Services International Limited	United Kingdom	100%
BP-Japan Oil Development Company Limited	United Kingdom	50%
Abu Dhabi Marine Areas Limited	United Kingdom	66%
Bunduq Company Limited	United Kingdom	33%
BP Finance p.l.c.	United Kingdom	100%
BP High Density Polyethylene France	France	100%
BP Holdings (Thailand) Limited	Thailand	48%
BP Marine Limited	United Kingdom	100%
BP Maritime Services (Isle of Man) Limited	Isle of Man	100%
BP Oil (Thailand) Limited	Thailand	49%
BP Oil International Limited	United Kingdom	99%
Routex B.V.	Netherlands	25%
BP Oil UK Limited	United Kingdom	100%
BP Express Shopping Limited	United Kingdom	100%
BP Oil Kent Refinery Limited (in liquidation)	United Kingdom	99%
BP Oil Llandarcy Refinery Limited	United Kingdom	100%
BP Oil Logistics UK Limited	United Kingdom	100%
British Pipeline Agency Limited	United Kingdom	50%
Shell Mex and B.P. Limited	United Kingdom	40%
SM Realisations Limited (In Liquidation)	United Kingdom	100%
Sunderland Oil Storage Limited	United Kingdom	50%
United Kingdom Oil Pipelines Limited	United Kingdom	33%
Walton-Gatwick Pipeline Company Limited	United Kingdom	42%
West London Pipeline and Storage Limited	United Kingdom	30%
BP Oil Venezuela Limited	United Kingdom	100%
BP Oil Yemen Limited	United Kingdom	100%
Ambarli Depolama Hizmetleri Limited Sirketi	Turkey	50%
BP Akaryakit Ortakligi	Turkey	70%
BP Gaz Anonim Sirketi	Turkey	31%
Cekisan Depolama Hizmetleri Limited Sirketi	Turkey	35%
Havacilik Yakit Ikmal Operasyon Ortakligi	Turkey	25%
BP Russian Investments Limited	United Kingdom	100%
BP Singapore Pte. Limited	Singapore	100%

**BP INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**31. Significant holdings (continued)**

ST-Airport Services Pte Ltd	Singapore	33%
BP Sutton Limited	United Kingdom	100%
Britannic Energy Trading Limited	United Kingdom	100%
Britannic Strategies Limited	United Kingdom	100%
BP Ghana Limited	Ghana	100%
BP Global West Africa Limited	Nigeria	96%
BP Indonesia Investment Limited	United Kingdom	100%
PT Petro Storindo Energi	Indonesia	30%
Britannic Investments Iraq Limited	United Kingdom	100%
Water Way Trading and Petroleum Services LLC	Iraq	100%
NFX Combustiveis Maritimos Ltda	Brazil	50%
SKA ENERGY HOLDINGS LIMITED	United Arab Emirates	50%
Britannic Trading Limited	United Kingdom	100%
Grampian Aviation Fuelling Services Limited	United Kingdom	100%
H & G Contracting Services Limited	United Kingdom	33%
Heathrow Hydrant Company Limited	United Kingdom	100%
India Gas Solutions Private Limited	India	50%
International Card Centre Limited	United Kingdom	100%
Manchester Airport Storage and Hydrant Company	United Kingdom	25%
Nigermed Petroleum S.A.	Panama	50%
Pentland Aviation Fuelling Services Limited	United Kingdom	25%
S&JD Robertson North Air Limited	United Kingdom	49%
Stansted Intoplane Company Limited	United Kingdom	20%
The Consolidated Petroleum Company Limited	United Kingdom	50%
Shell and BP Services Limited (In Liquidation)	United Kingdom	99%
The Consolidated Petroleum Supply Company Limited	United Kingdom	90%
Viceroy Investments Limited	United Kingdom	99%
Pacroy (Thailand) Co., Ltd.	Thailand	39%
SOFAST Limited	Thailand	60%
BP Holdings (Thailand) Limited	Thailand	50%
BP Oil (Thailand) Limited	Thailand	50%
BP - Castrol (Thailand) Limited	Thailand	25%
SOFAST Limited	Thailand	39%