

**BP (GIBRALTAR) LIMITED****(Registered No.00554057)****ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**

Board of Directors: T M Thornton

P I W Turner

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2018.

**STRATEGIC REPORT****Results**

The profit for the year after taxation was £1,548 which, when added to the retained profit brought forward at 1 January 2018 of £629,586, gives a total retained profit carried forward at 31 December 2018 of £631,134.

**Principal activity and review of the business**

The company is engaged in the purchasing and selling of lubricants products.

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

	2018	2017	Variance
	£	£	%
Turnover	3,668,156	2,947,723	24
Operating profit	308	782	(61)
Profit for the year	1,548	1,521	2
Total equity	631,234	629,686	—

BP (Gibraltar) Limited's performance is dependent on the performance of BP Marine Limited. The focus of the company is to supply BP Marine Limited in accordance with the group agreements.

**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 BP 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 2018.

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## **STRATEGIC REPORT**

### **Strategic and commercial risks**

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

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

#### ***The impact of the UK's exit from the EU***

Following the referendum in 2016, BP has been assessing the potential impact of Brexit on group companies. BP has been preparing for different scenarios for the UK's exit from the EU but does not believe any of these scenarios will pose a significant risk to the business. The BP board's geopolitical committee discussed this, most recently in January 2019. BP continues to monitor developments in this area in line with group risk management processes and procedures.

#### ***Insurance***

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

### **Compliance and control risks**

#### ***Regulation***

Changes in the regulatory and legislative environment could increase the cost of compliance.

#### ***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, and could result in litigation, regulatory action and penalties.

#### ***Reporting***

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

### **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 29 of the BP group Annual Report and Form 20-F for the year ended 31 December 2018.

Authorized for issue by Order of the Board

For and on behalf of  
Sunbury Secretaries Limited  
Company Secretary

DocuSigned by:

Melissa Atkinson

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Registered Office:

September 20, 2019

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

## **DIRECTORS' REPORT**

### **BP (GIBRALTAR) LIMITED**

#### **Directors**

The present directors are listed on page 1.

T.M Thornton served as director throughout the financial year. Changes since 1 January 2018 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
P I W Turner	29 August 2018	—
B M Puffer	—	6 February 2018
S P McMahon	29 August 2018	17 September 2018

#### **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 (2017 £0). 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-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's stability in recent years. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

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

#### **Directors' 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 the auditor's 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.

**DIRECTORS' REPORT**

Authorized for issue by Order of the Board

For and on behalf of  
Sunbury Secretaries Limited  
Company Secretary

DocuSigned by:

*Melissa Atkinson*

4AC705258B834F4...  
Registered Office:

September 20, 2019

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

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

**BP (GIBRALTAR) LIMITED**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 at least the next 12 months from the date these financial statements were approved, continue to adopt the going concern basis in preparing the financial statements.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BP (GIBRALTAR) LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of BP (Gibraltar) Limited (the company):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements 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 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

We have nothing to report in respect of these matters.

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT**

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

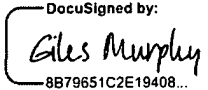
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **Use of our report**

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.

DocuSigned by:  
  
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Giles Murphy (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP Statutory Auditor  
London  
September 23, 2019

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**BP (GIBRALTAR) LIMITED**

		2018	2017
	Note	£	£
Turnover	3	3,668,156	2,947,723
Cost of sales		(3,497,483 )	(2,776,404 )
<b>Gross profit</b>		<b>170,673</b>	<b>171,319</b>
Distribution and marketing expenses		(167,280 )	(166,258 )
Administrative expenses		(3,085 )	(4,279 )
<b>Operating profit</b>	4	<b>308</b>	<b>782</b>
Interest receivable and similar income	6	1,240	739
<b>Profit before taxation</b>		<b>1,548</b>	<b>1,521</b>
Tax on profit	7	—	—
<b>Profit for the year</b>		<b>1,548</b>	<b>1,521</b>

The profit of £1,548 for the year ended 31 December 2018 was derived in its entirety from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

There is no comprehensive income attributable to the shareholders of the company other than the profit for the year.



**BALANCE SHEET****AT 31 DECEMBER 2018****BP (GIBRALTAR) LIMITED****(Registered No.00554057)**

	Note	2018 £	2017 £
<b>Current assets</b>			
Stocks	9	373,920	375,968
Debtors	10	591,435	626,728
Deferred tax assets	7	145	145
		<u>965,500</u>	<u>1,002,841</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(334,266)</u>	<u>(373,155)</u>
<b>Net current assets</b>		<u>631,234</u>	<u>629,686</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>631,234</u>	<u>629,686</u>
<b>NET ASSETS</b>		<u>631,234</u>	<u>629,686</u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Profit and loss account	13	631,134	629,586
<b>TOTAL EQUITY</b>		<u>631,234</u>	<u>629,686</u>

Authorized for issue on behalf of the Board

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Thornton Terry M

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T M Thornton

Director

September 20, 2019

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**BP (GIBRALTAR) LIMITED**

	Called up share capital (Note 12)	Profit and loss account (Note 13)	Total
	£	£	£
<b>Balance at 1 January 2017</b>	100	628,065	628,165
<b>Profit for the year, representing total comprehensive income</b>	—	1,521	1,521
<b>Balance at 31 December 2017</b>	100	629,586	629,686
<b>Profit for the year, representing total comprehensive income</b>	—	1,548	1,548
<b>Balance at 31 December 2018</b>	100	631,134	631,234

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**BP (GIBRALTAR) LIMITED**

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

The financial statements of BP (Gibraltar) Limited for the year ended 31 December 2018 were approved by the board of directors on 20/09 2019 and the balance sheet was signed on the board's behalf by T M Thornton. BP (Gibraltar) Limited is a limited company incorporated and registered in England and Wales (registered number 00554057). The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

**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. 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, except where otherwise indicated.

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 IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 10(d), 10(f), 40A, 111 and 134 to 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;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) 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;
- (f) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (g) 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;
- (h) the requirements of paragraphs 134(d) to 134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets
- (i) the requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

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 15.

The financial statements are presented in GBP sterling and all values are rounded to the nearest pounds (£).

## **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **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. There were no critical accounting judgements or estimates identified that would have a significant impact on the amounts recognized in the financial statements, or create a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **Significant accounting policies**

##### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved 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 GBP sterling. 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.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange on the balance sheet date. Any resulting exchange differences are included in the profit and loss account, unless hedge accounting is applied. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

##### **Stock**

Stocks, other than stocks held for trading purposes, are stated at the lower of cost and net realizable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Net realizable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Net realizable value is determined by reference to prices existing at the balance sheet date, adjusted where the sale of inventories after the reporting period gives evidence about their net realizable value at the end of the period.

Stocks held for short-term trading purposes are stated at fair value less costs to sell and any changes in fair value are recognized in the profit and loss account.

Supplies are valued at the lower of cost on a weighted average basis and net realizable value.

##### **Financial assets**

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included.

The subsequent measurement of financial assets depends on their classification, as set out below. The company derecognizes financial assets when the contractual rights to the cash flows expire or the financial asset is transferred to a third party. This includes the derecognition of receivables for which discounting arrangements are entered into.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Financial assets (continued)

From 1 January 2018, the company classifies its financial assets as measured at amortized cost or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### *Financial assets measured at amortized cost*

Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. 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 and when interest is recognised using the effective interest method. This category of financial assets includes trade and other receivables.

##### **Impairment of financial assets measured at amortized cost**

The company assesses on a forward looking basis the expected credit losses associated with financial assets classified as measured at amortized cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the company is exposed to credit risk. Since this is typically less than 12 months, there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the company's in-scope financial assets. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the company expects to receive, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the profit and loss account.

#### Financial liabilities

The measurement of financial liabilities is as follows:

##### *Financial liabilities measured at amortized cost*

Financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortized 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 receivable and similar income and interest payable and similar charges. This category of financial liabilities includes trade and other payables and finance debt.

##### **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 recognized amounts; and the company intends to either settle on a net basis or realize the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net. A right of set off is the company's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a current legally enforceable right to set off exists.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Taxation

Income tax expense represents the sum of current tax and deferred tax.

Income tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises on the initial recognition of goodwill
- Where the deferred tax liability arises 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; or
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, where the company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for 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 utilized. An exception is where the deferred tax asset relates to the deductible temporary difference arising 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 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 or increased to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized 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 tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

#### Turnover

Turnover arising from the sale of goods is recognised when the company satisfies a performance obligation by transferring control of a promised good to the buyer, which is typically at the point that title passes to the customer and the customer taking physical possession. At this point the turnover can be reliably measured.

When, or as, a performance obligation is satisfied, the company recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Turnover (continued)

Contracts for the sale of commodities are typically priced by reference to quoted prices. Revenue from term commodity contracts is recognized based on the contractual pricing provisions for each delivery. Certain of these contracts have pricing terms based on prices at a point in time after delivery has been made. Revenue from such contracts is initially recognized based on relevant prices at the time of delivery and subsequently adjusted as appropriate.

#### Interest income

Interest income is recognized 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.

### 3. Turnover

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Sales of goods	3,668,156	2,947,723

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

	2018	2017
	£	£
Class of business:		
Downstream	3,668,156	2,947,723
Total	3,668,156	2,947,723

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

### 4. Operating profit

This is stated after charging:

	2018	2017
	£	£
Net foreign exchange (gains) / losses	(4,745)	315

**NOTES TO THE FINANCIAL STATEMENTS****5. Auditor's remuneration**

	<u>2018</u>	<u>2017</u>
	£	£
Fees for the audit of the company	<u>9,023</u>	<u>4,558</u>

Fees paid to the company's auditor, Deloitte LLP, (2017 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 (Gibraltar) 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**

	<u>2018</u>	<u>2017</u>
	£	£
Interest income from amounts owed by group undertakings	<u>1,240</u>	<u>739</u>
Total interest receivable and similar income	<u>1,240</u>	<u>739</u>



**NOTES TO THE FINANCIAL STATEMENTS****7. Taxation**

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

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

	2018	2017
	£	£
<b>Current tax</b>		
Overseas tax on income for the year	—	—
Overseas tax (overprovided) / underprovided in prior years	—	—
Total current tax charged	—	—
<b>Deferred tax</b>		
Effect of increased / (decreased) tax rate on opening liability / asset	—	—
Total deferred tax charged / (credited)	—	—
<b>Tax charged on profit</b>	<b>—</b>	<b>—</b>

In 2018 the total tax charge / credit recognised within other comprehensive income was £0 (2017 £0) and the total tax charge / credit recognised directly in equity was £0 (2017 £0).

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

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2018 (2017 19.25%). The differences are reconciled below:

	2018	2017
	UK	UK
	£	£
Profit / (loss) before tax	1,548	1,521
Tax charge / (credit)	—	—
Effective tax rate	—%	—%
	2018	2017
	UK	UK
	%	%
UK corporation tax rate:	19	19.25
Increase / (decrease) resulting from:		
Overseas tax	—	—
Free group relief	(19)	(19.25)
Effective tax rate	—	—

The reconciling items shown 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 reduced to 19% with effect from 1 April 2017, and will further reduce to 17% from 1 April 2020. Deferred tax has been measured using these rates, which have been substantively enacted at 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS****7. Taxation (continued)****(b) Provision for deferred tax**

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

Deferred tax asset	Profit and loss account		Balance sheet	
	2018	2017	2018	2017
	£	£	£	£
Other deductible temporary differences	—	—	145	145
Net credit for deferred tax assets	—	—	145	145
Net deferred tax (charge)/credit and net deferred tax (liability)/asset	—	—	145	145

Analysis of movements during the year

	2018
	£
At 1 January 2018	145
At Deferred tax charge in the profit and loss account	—
At 31 December 2018	145

**8. Directors and employees****(a) Remuneration of directors**

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2017 £Nil).

**(b) Employee costs**

The company had no employees during the year (2017 None).

**9. Stocks**

	2018	2017
	£	£
Trading stocks	373,920	375,968
	<u>373,920</u>	<u>375,968</u>

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

**10. Debtors**

Amounts falling due within one year:

	2018	2017
	£	£
Trade debtors		
Amounts owed from parent undertakings	228,843	204,203
Amounts owed from fellow subsidiaries	359,494	419,427
Taxation	3,098	3,098
	<u>591,435</u>	<u>626,728</u>

**NOTES TO THE FINANCIAL STATEMENTS****11. Creditors**

Amounts falling due within one year:

	2018	2017
	£	£
Amounts owed to parent undertakings	—	6,100
Amounts owed to fellow subsidiaries	269,856	325,907
Other creditors	37,723	19,812
Accruals and deferred income	26,687	21,336
Total creditors	<u>334,266</u>	<u>373,155</u>

**12. Called up share capital**

	2018	2017
	£	£
Issued and fully paid:		
100 Ordinary shares of £1 each for a total nominal value of £100	100	100
	<u>100</u>	<u>100</u>

**13. 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 retained profits of the company.

In 2018, the company paid interim ordinary dividends of £0 (2017 £0). The dividend per share was £0 (2017 dividend per share £0).

**14. Related party transactions**

The company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel. There were no other related party transactions in the year.

**15. Immediate and ultimate controlling parent undertaking**

The immediate parent undertaking is BP International Limited, a company registered in England and Wales / Scotland. 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 its registered address: 1 St James's Square, London, SW1Y 4PD.

