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BP MARINE LIMITED
(Registered No.01214291)
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

Board of Directors: J J Andersen
F V Ryder
P I W Turner

The directors present the strategic report, their report and the financial statements for the year ended 31 December 2015.

STRATEGIC REPORT

Results

The profit for the year after taxation was \$44,597,000 which, when added to the retained profit brought forward at 1 January 2015 of \$58,871,000 together with total paid interim dividends to ordinary shareholders of \$33,000,000, gives a total retained profit carried forward at 31 December 2015 of \$70,468,000.

Principal activity and review of the business

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

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

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
	\$000	\$000	%
Turnover	441,615	623,185	(29)
Operating profit	45,064	36,031	25
Profit for the year	44,597	36,965	21
Total equity	148,308	136,711	8

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
	%	%	
Quick ratio*	351	285	66

*Quick ratio is defined as current assets, excluding stock, as a percentage of current liabilities.

Turnover decreased during the year owing to lower lubricants volumes sold together with a decline in global prices. Customers consumed less lubricant products as a result of slow steaming. Improvement in operating profit and margins was driven by the replacement of major high margin customers with low margin customers.

The strengthening quick ratio is primarily explained by decreased creditors due to lower volumes sold in Q4 2015 and the decrease of debtors as a result of further improvements in the company's working capital processes.

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BP MARINE LIMITED

STRATEGIC REPORT

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 2015.

Strategic and commercial risks

Prices and markets

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

Digital infrastructure and cybersecurity

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

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.

Insurance

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

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.

BP MARINE LIMITED

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Safety and operational risks (continued)

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

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.

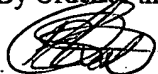
Reporting

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 credit risk. Further details on these financial risks are included within Note 28 of the BP group Annual Report and Form 20-F for the year ended 31 December 2015.

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

12 September 2016

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP MARINE LIMITED

DIRECTORS' REPORT

Directors

The present directors are listed on page 1.

Changes since 1 January 2015 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
D C Goosey		01 April 2015
M A Brand		01 April 2015
P A Chappell		31 October 2015
C T Widner		10 February 2016
P I W Turner	01 April 2015	
F V Ryder	31 October 2015	
J J Andersen	10 February 2016	

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

During the year the company has declared and paid dividends of \$33,000,000 (2014: \$30,000,000). The directors do not propose the payment of a final 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 Group 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 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.

BP MARINE LIMITED

DIRECTORS' REPORT

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

12 September 2016

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP MARINE 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 MARINE LIMITED

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

We have audited the financial statements of BP Marine Limited for the year ended 31 December 2015 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 17. 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 6, 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 2015 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.

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

Oxana Dorrington (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

13 September 2016

BP MARINE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

		<u>2015</u>	<u>2014</u>
	Note	\$000	\$000
Turnover	3	441,615	623,185
Cost of sales		(305,197)	(478,864)
Gross profit		136,418	144,321
Distribution and marketing expenses		(77,195)	(96,998)
Administrative expenses		(14,159)	(11,292)
Operating profit	4	45,064	36,031
Interest receivable and similar income	6	2	-
Interest payable and similar charges	7	-	(143)
Profit before taxation		45,066	35,888
Taxation	8	(469)	1,077
Profit for the year		<u>44,597</u>	<u>36,965</u>

The profit of \$44,597,000 for the year ended 31 December 2015 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

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

BP MARINE LIMITED
(Registered No.01214291)

BALANCE SHEET AT 31 DECEMBER 2015

	Note	<u>2015</u> \$000	<u>2014</u> \$000
Fixed assets			
Intangible assets	10	<u>6,066</u>	<u>5,930</u>
		6,066	5,930
Current assets			
Stocks	11	1,577	2,684
Debtors	12	195,172	195,212
Deferred tax assets		1,105	1,129
Cash at bank and in hand		<u>-</u>	<u>83</u>
		197,854	199,108
Creditors: amounts falling due within one year	13	<u>(55,612)</u>	<u>(68,327)</u>
Net current assets		<u>142,242</u>	<u>130,781</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>148,308</u>	<u>136,711</u>
NET ASSETS		<u>148,308</u>	<u>136,711</u>
Capital and reserves			
Called up share capital	14	77,840	77,840
Profit and loss account	15	70,468	58,871
TOTAL EQUITY		<u>148,308</u>	<u>136,711</u>

On behalf of the Board



F V Ryder
Director

12 September 2016

BP MARINE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital (Note 14) \$000	Profit and loss account (Note 15) \$000	Total \$000
Balance at 1 January 2014	77,840	51,906	129,746
Profit for the year, representing total comprehensive income	-	36,965	36,965
Dividends paid	-	(30,000)	(30,000)
Balance at 31 December 2014	<u>77,840</u>	<u>58,871</u>	<u>136,711</u>
Profit for the year, representing total comprehensive income	-	44,597	44,597
Dividends paid	-	(33,000)	(33,000)
Balance at 31 December 2015	<u>77,840</u>	<u>70,468</u>	<u>148,308</u>

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2015**

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

The financial statements of BP Marine Limited for the year ended 31 December 2015 were approved by the board of directors on 12 September 2016 and the balance sheet was signed on the board's behalf by F V Ryder. BP Marine Limited is a limited company incorporated in England and Wales. 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.

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 91 – 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of paragraphs 10(d), 10(f), 40(a), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (d) 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; and
 - (ii) paragraph 118(e) of IAS 38 Intangible Assets;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) 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;
- (g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (h) 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; and
- (i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets.

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 17.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars (\$000), except where otherwise indicated.

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2015**

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. 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:

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.

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. As the company is considered to be an intermediate holding company, and therefore an extension of its parent company, its functional currency is the same as its parent company.

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 rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the profit and loss account. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Intangible assets

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

Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. An intangible asset acquired as part of a business combination is measured at fair value at the date of acquisition and is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights.

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2015**

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

Intangible assets (continued)

Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives. Computer software costs generally have a useful life of four to ten 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.

Impairment of intangible 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.

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.

Supplies are valued at cost to the company mainly using the average method or net realisable value, whichever is the lower.

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2015**

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

Financial assets

Financial assets within the scope of IAS 39 are classified as loans and receivables; financial assets at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; held-to-maturity financial assets; or as available-for-sale 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.

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.

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.

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:

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Financial liabilities (continued)

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 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 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.

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.

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Customs duties and sales taxes

Customs duties and sales taxes which are passed on to customers are excluded from turnover and expenses. Assets and liabilities are recognised net of the amount of customs duties or sales tax except:

- Where the customs duty or sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the customs duty or sales tax is recognised as part of the cost of acquisition of the asset.
- Receivables and payables are stated with the amount of customs duty or sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included within receivables or payables in the balance sheet.

Turnover

Turnover arising from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, which is typically at the point that title passes, and the turnover can be reliably measured.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

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).

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

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

	2015	2014
	\$000	\$000
Sales of goods	441,615	623,185
	<u>441,615</u>	<u>623,185</u>

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover (continued)

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

	<u>2015</u>	<u>2014</u>
	\$000	\$000
Class of business:		
Downstream	441,615	623,185
Total	<u>441,615</u>	<u>623,185</u>

An analysis of turnover by geographical market is set out below:

	<u>2015</u>	<u>2014</u>
	\$000	\$000
By geographical area:		
UK	4,786	18,252
Rest of Europe	119,412	175,132
USA	40,416	61,982
Rest of World	277,001	367,819
Total	<u>441,615</u>	<u>623,185</u>

4. Operating profit

This is stated after charging / (crediting):

	<u>2015</u>	<u>2014</u>
	\$000	\$000
Net foreign exchange (gains)	(532)	(971)
Amortisation of intangible assets	979	1,328
	<u>447</u>	<u>357</u>

5. Auditor's remuneration

	<u>2015</u>	<u>2014</u>
	\$000	\$000
Fees for the audit of the company	<u>41</u>	<u>47</u>

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of BP Marine 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>2015</u>	<u>2014</u>
	\$000	\$000
Interest income from amounts owed by group undertakings	<u>2</u>	<u>-</u>
Total interest receivable and similar income	<u>2</u>	<u>-</u>

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

7. Interest payable and similar charges

	<u>2015</u>	<u>2014</u>
	\$000	\$000
Interest expense on:		
Loans from group undertakings	-	143
Total interest payable and similar charges	<u>-</u>	<u>143</u>

8. Taxation

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

The taxation charge in the profit and loss account is made up as follows:

	<u>2015</u>	<u>2014</u>
	\$000	\$000
<u>Current tax</u>		
Overseas tax on income for the year	25	52
Overseas tax underprovided / (overprovided) in previous years	420	-
Total current tax charged	<u>445</u>	<u>52</u>
 <u>Deferred tax</u>		
Origination and reversal of temporary differences	(102)	(1,129)
Effect of increased / (decreased) tax rate on opening liability	111	-
Adjustment to prior year temporary differences	15	-
Total deferred tax (credited)	<u>24</u>	<u>(1,129)</u>
 Tax charged / (credited) on profit on ordinary activities	<u>469</u>	<u>(1,077)</u>

In 2015 the total tax charge / credit recognised within other comprehensive income was Nil (2014: Nil) and the total tax charge / credit recognised directly in equity was Nil (2014: Nil).

(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 20% for the year ended 31 December 2015 (2014: 21%). The differences are reconciled below:

	<u>2015</u>	<u>2014</u>
	UK	UK
	\$000	\$000
Profit on ordinary activities before tax	45,066	35,888
Tax charge / (credit)	469	(1,077)
Effective tax rate	1%	(3)%

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

8. Taxation (continued)

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

	<u>2015</u>	<u>2014</u>
	UK	UK
	%	%
UK corporation tax rate:	20	21
Overseas corporation tax rate:	-	-
(Decrease) resulting from:		
Overseas tax	1	-
Free group relief	(20)	(22)
Opening DT recognised in CY	-	(2)
Effective tax rate	<u>1</u>	<u>(3)</u>

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 was reduced from 21% to 20% with effect from 1 April 2015, and will further reduce to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred tax has been measured using the rates substantively enacted at 31 December 2015.

(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>Deferred tax asset</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$000	\$000	\$000	\$000
Capital allowances in excess of depreciation	(73)	(1,032)	1,105	1,032
Other deductible temporary differences	97	(97)	-	97
Net provision for deferred tax assets	<u>24</u>	<u>(1,129)</u>	<u>1,105</u>	<u>1,129</u>

A deferred tax asset has not been recognised on unutilised foreign tax credits of \$117,000 (2014: \$100,000) with no fixed expiry date on the basis they are unlikely to have value in the future.

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

9. Directors and employees

(a) Remuneration of directors

The total remuneration for all serving directors for their period of directorship to the company amounted to \$293,000 (2014: \$641,000). A number of directors are senior executives of the BP Plc Group and received no remuneration for services to this company or its subsidiary undertakings.

Three directors were members of the defined benefit section of the BP Pension Fund at 31 December 2015 (2014: Three).

The highest paid director received \$228,000 (2014: \$327,000). The accrued pension of the highest paid director at 31 December 2015 was \$Nil (2014: \$73,000). The highest paid director did not exercise any share options over BP p.l.c. shares during the year.

None of the directors exercised share options over BP p.l.c. shares during the year (2014: None).

(b) Employee costs

The company had no employees during the year (2014: None).

10. Intangible assets

	Other intangibles	Total
Cost	\$000	\$000
At 1 January 2015	8,641	8,641
Additions	1,115	1,115
At 31 December 2015	9,756	9,756
Amortisation and impairment		
At 1 January 2015	(2,711)	(2,711)
Charge for the year	(979)	(979)
At 31 December 2015	(3,690)	(3,690)
Net book value		
At 31 December 2015	6,066	6,066
At 31 December 2014	5,930	5,930

11. Stocks

	2015	2014
	\$000	\$000
Trading stocks	1,577	2,684
	1,577	2,684

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

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

12. Debtors

Amounts falling due within one year:

	2015	2014
	\$000	\$000
Trade debtors	62,436	85,486
Amounts owed by group undertakings	125,025	97,880
Other debtors	1,210	1,936
Prepayments and accrued income	5,531	8,003
	<u>194,202</u>	<u>193,305</u>

Amounts falling due after one year:

	2015	2014
	\$000	\$000
Prepayments and accrued income	970	1,907
	<u>970</u>	<u>1,907</u>

Total debtors	<u>195,172</u>	<u>195,212</u>
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13. Creditors

Amounts falling due within one year:

	2015	2014
	\$000	\$000
Trade creditors	15,485	11,878
Amounts owed to group undertakings	35,449	52,149
Other creditors	-	(6)
Accruals and deferred income	4,586	4,306
Bank overdraft	92	-
	<u>55,612</u>	<u>68,327</u>

14. Called up share capital

	2015	2014
	\$000	\$000
Issued and fully paid:		
43,086,222 Ordinary shares of £1 each for a total nominal value of £43,086,222	77,840	77,840
	<u>77,840</u>	<u>77,840</u>

15. 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 2015 the company paid interim ordinary dividends of \$33,000,000 (2014:\$30,000,000). The dividend per share was \$0.77 (2014 dividend per share: \$0.70).

BP MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

16. 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.

17. Immediate and ultimate controlling parent undertaking

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