

**BP KAZAKHSTAN LIMITED**  
(Registered No 1838589)

**ANNUAL REPORT AND ACCOUNTS 2009**

Board of Directors J H Bartlett

SATURDAY



**REPORT OF THE DIRECTOR**

The director presents his report and accounts for the year ended 31 December 2009

**Results and dividends**

The loss for the year after taxation was \$1,344,021 which, when deducted from the retained profit brought forward at 1 January 2009 of \$18,335,076, gives a total retained profit carried forward at 31 December 2009 of \$16,991,055

The company has not declared any dividends during the year (2008 \$Nil) The director does not propose the payment of a dividend

**Principal activity and review of the business**

The company is involved in the production of petroleum from an interest in the Kimmeridge oil field, onshore in the UK Overseas, the company is engaged in operating the representative office in the Kazakhstan for the BP Group

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

	2009	2008	Variance
	\$	\$	%
Operating profit /(loss)	96,467	(184,923)	(152)
Loss after taxation	(1,344,021)	(1,156,284)	16
Shareholders' funds	16,991,206	18,335,227	(7)

	2009	2008	Variance
	%	%	
Current assets as % of current liabilities (quick ratio)	323	109	214

In 2009 there was an operating profit compared to a loss in 2008, largely due to an increase in the underlift debtor relating to the Kimmeridge field of \$495,836 (2008 \$144,702)

The quick ratio has improved due to settling of intercompany debtors and creditors during the year for the Kimmeridge oil field

**Principal risks and uncertainties**

The company aims to deliver sustainable value by identifying and responding successfully to risks Risk management is integrated into the process of planning and performance management at a group level Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level

Company level risks have been identified and classified in three categories strategic, compliance and ethics and financial risk management

## **BP KAZAKHSTAN LIMITED**

### **REPORT OF THE DIRECTOR**

#### **Strategic risks**

##### ***Access and renewal***

Successful execution of our company's plan depends critically on implementing activities to renew and reposition our portfolio. The challenges to the renewal of our upstream portfolio are growing due to increasing competition for access to opportunities globally. Lack of material positions in new markets and/or inability to complete disposals could result in an inability to grow or even maintain our production.

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

Oil, gas and product prices are subject to international supply and demand. Political developments and the outcome of meetings of OPEC can particularly affect world supply and oil prices. In addition to the adverse effect on revenues, margins and profitability from any future fall in oil and natural gas price, a prolonged period of low prices or other indicators would lead to a review for impairment of the company's oil and natural gas properties. This review would reflect management's view of long-term oil and natural gas prices. Such a review could result in a charge for impairment that could have a significant effect on the company's results of operations in the period in which it occurs.

Refining profitability can be volatile, with both periodic oversupply and supply tightness in various regional markets. Sectors of the chemicals industry are also subject to fluctuations in supply and demand within the petrochemicals market, with consequent effect on prices and profitability.

##### ***Socio-political***

We have operations in countries where political, economical and social transition is taking place. Some countries have experienced political instability, changes to the regulatory environment, expropriation or nationalization of property, civil strife, strikes, acts of war and insurrections. Any of these conditions occurring could disrupt or terminate our operations, causing our development activities to be curtailed or terminated in these areas or our production to decline, and could cause us to incur additional costs.

We set ourselves high standards of corporate citizenship and aspire to contribute to a better quality of life through the products and services we provide. If it is perceived that we are not respecting or advancing the economic and social progress of the communities in which we operate, our reputation and shareholder value could be damaged.

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

The oil, gas and petrochemicals industries are highly competitive. There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home. Competition puts pressure on product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency.

## **BP KAZAKHSTAN LIMITED**

### **REPORT OF THE DIRECTOR**

#### **Compliance and ethics risks**

##### ***Regulatory***

The oil industry is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental and health and safety protection controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalization, expropriation, cancellation or non-renewal of contract rights. We buy, sell and trade oil and gas products in certain regulated commodity markets. The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law. As a result of new laws and regulations or other factors, we could be required to curtail or cease certain operations, causing our production to decrease, or we could incur additional costs.

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

Our code of conduct, which applies to all employees, defines our commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions we expect of our business and people wherever we operate. Incidents of ethical misconduct or non-compliance with applicable laws and regulation could be damaging to our reputation and shareholder value. Multiple events of non-compliance could call into question the integrity of our operations.

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

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to our reputation.

#### **Financial risk management**

The main financial risks faced by the company through its normal business activities are market risk, foreign currency exchange risk, credit risk and liquidity risk. The management of these financial risks is performed at BP Group level.

##### ***Market risk***

Market risk is the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The management of such risks is performed at BP Group level. The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures. In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes.

##### ***Foreign currency exchange risk***

Fluctuations in foreign exchange rates can have significant effects on the company's reported results. The company's financial assets and liabilities give rise to transactional currency exposures. Such exposures arise from transactions in a currency other than the company's functional currency. The management of such risks is performed at BP Group level. BP's foreign exchange management policy is to minimize economic and significant transactional exposures arising from currency movements against the US dollar. The group co-ordinates the handling of foreign exchange risks centrally, by netting off naturally occurring opposite exposures wherever possible and then dealing with any material residual foreign exchange risks. For highly probable forecast capital expenditures the group locks in the US dollar cost of non-US dollar supplies by using currency forwards and futures.

## **BP KAZAKHSTAN LIMITED**

### **REPORT OF THE DIRECTOR**

#### ***Credit risk***

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company. It arises from cash and cash equivalents, derivative financial instruments and principally from credit exposures to customers relating to outstanding receivables. The management of such risks is performed at BP Group level. The group has a credit policy that is designed to ensure that consistent processes are in place throughout the group to measure and control credit risk. On entering into any business contract, the extent to which the arrangement exposes the group to credit risk is considered. Before trading with a new counterparty, its creditworthiness is assessed and a credit rating allocated that indicates the probability of default, along with a credit exposure limit. Creditworthiness continues to be evaluated after transactions have been initiated and a watchlist of higher-risk counterparties is maintained.

#### ***Liquidity risk***

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. This risk is managed by the BP Group on the company's behalf and as such the company has access to the resources of the group. The group has long-term debt ratings of Aa2 (negative outlook) and AA (negative outlook), assigned respectively by Moody's and Standard and Poor's.

#### **Going concern**

The director considers 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.

#### **Director**

The present director is listed on page 1.

J H Bartlett served as a director throughout the financial year. Changes since 1 January 2009 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
JP L Stalder	-	23 December 2009

#### **Director's indemnity**

The company indemnifies the director in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

#### **Policy and practice on payment of creditors**

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms. A copy of the code of practice may be obtained from the CBI.

The number of days' purchases represented by trade creditors at the year-end was nil.

#### **Auditors**

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year.

**BP KAZAKHSTAN LIMITED**

**REPORT OF THE DIRECTOR**

**Director's statement as to the disclosure of information to the auditor**

The director who is a member of the board at the time of approving the director's report is listed on page 1. Having made enquiries of the company's auditor, the director confirms that.

- To the best of his knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- He 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

  
Secretary

Yasin Ali

14 June 2010

Registered Office

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

## **BP KAZAKHSTAN LIMITED**

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these accounts, the director is 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 director is responsible for keeping proper 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. He is 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 director confirms that he has complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continues to adopt the going concern basis in preparing the accounts.

**BP KAZAKHSTAN LIMITED**

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

We have audited the company's financial statements for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of the director and auditors**

As explained more fully in the Statement of Director's Responsibilities set out on page 6, the director is 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB'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 director, and the overall presentation of the financial statements.

**Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of the company's 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 Director's 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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*W. Testa*

**William Testa** (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Registered auditor  
London

16 June 2010

## **BP KAZAKHSTAN LIMITED**

### **ACCOUNTING POLICIES**

#### **Accounting standards**

These accounts are prepared in accordance with applicable UK accounting standards

In addition to the requirements of accounting standards, the accounting for exploration and production activities is governed by the Statement of Recommended Practice ('SORP') 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001

These accounts have been prepared in accordance with the provisions of the SORP with the exception of the following:

- (i) The SORP recommends that oil and gas reserve quantities be disclosed. The company is a wholly owned subsidiary of BP p.l.c. and, as such, the oil and gas reserve quantities of the company are included in the consolidated oil and gas reserve quantities disclosed in the Annual Report and Accounts of BP p.l.c. Consequently the director has elected not to publish this information for the company,
- (ii) The SORP contains rules around the estimation of future oil and gas reserves. The company, as part of the BP Group, estimates and calculates its reserves in accordance with the US Securities and Exchange Commission (SEC) rules. On 31 December 2008, the SEC published a revision of Rule 4-10 (a) of Regulation S-X for the estimation of reserves. These revised technical rules form the basis of the 2009 year-end estimation of proved reserves. The main differences relate to the SEC requirement to use a twelve-month average price to assess future reserves, being the unweighted average of the price on the first day of the month for the past twelve months. This is the basis applied in the BP Group reporting and is comparable with other oil majors. It is not possible for the company to quantify the impact of this departure as SORP estimates of reserves are no longer maintained.

#### **Accounting convention**

The accounts are prepared under the historical cost convention

#### **Statement of cash flows**

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement.

#### **Foreign currency transactions**

Foreign currency transactions are initially recorded in dollars by applying the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are translated into dollars at the rate of exchange ruling at the balance sheet date. Exchange differences are included in the profit and loss account.

#### **Interest**

Interest is capitalised gross of related tax relief during the period of construction where it relates either to the financing of major projects with long periods of development or to dedicated financing of other projects. All other interest is charged against income in the year in which it is incurred.



## **BP KAZAKHSTAN LIMITED**

### **ACCOUNTING POLICIES**

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within tangible fixed assets.

Oil and natural gas properties are depreciated using a unit-of-production method. The cost of producing wells is depreciated over proved developed reserves. Licence acquisition, decommissioning and field development costs are depreciated over total proved reserves. The unit-of-production rate for the depreciation of field development costs takes into account expenditures incurred to date, together with future development expenditure required to access the total proved reserves.

Other tangible assets, with the exception of freehold land and assets under construction, are depreciated on the straight line method over their estimated useful lives.

#### **Changes in unit-of-production factors**

Changes in factors which affect unit-of-production calculations are dealt with prospectively, not by immediate adjustment of prior years' amounts.

#### **Maintenance expenditure**

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

#### **Trade and other debtors**

Trade and other debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### **Trade and other creditors**

Trade and other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

## **BP KAZAKHSTAN LIMITED**

### **ACCOUNTING POLICIES**

#### **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. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate.

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

#### **Decommissioning**

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

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

#### **Discounting**

The unwinding of the discount on provisions is included within interest expense. Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense.

#### **Employee benefits**

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

#### **Use of estimates**

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

**BP KAZAKHSTAN LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

		<u>2009</u>	<u>2008</u>
	<b>Note</b>	\$	\$
Cost of sales		422,894	(7,114)
<b>Gross profit/(loss)</b>		422,894	(7,114)
Administration expenses		(326,427)	(177,809)
<b>Profit/(loss) on ordinary activities before interest and tax</b>	<b>1</b>	96,467	(184,923)
Interest payable and similar charges	<b>3</b>	(1,670,174)	(6,386,157)
Interest receivable and similar income	<b>4</b>	229,686	5,414,796
<b>Loss before taxation</b>		(1,344,021)	(1,156,284)
Taxation	<b>5</b>	-	-
<b>Loss for the year</b>		(1,344,021)	(1,156,284)

The loss of \$1,344,021 for the year ended 31 December 2009 has derived in its entirety from continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of \$1,344,021 for the year ended 31 December 2009 (2008 \$1,156,284)

**BP KAZAKHSTAN LIMITED**

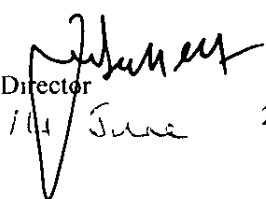
(Registered No 1838589)

**BALANCE SHEET AT 31 DECEMBER 2009**

	Note	<u>2009</u>	<u>2008</u>
		\$	\$
<b>Fixed assets</b>			
Tangible assets	7	<u>59,698</u>	<u>78,059</u>
<b>Current assets</b>			
Debtors	8	25,061,286	224,998,044
Cash at bank and in hand		<u>20,591</u>	<u>38,578</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(7,764,915)</u>	<u>(206,436,978)</u>
<b>Net current assets</b>		<u>17,316,962</u>	<u>18,599,644</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,376,660	18,677,703
<b>Provisions for liabilities and charges</b>			
Other provisions	10	<u>(385,454)</u>	<u>(342,476)</u>
<b>NET ASSETS</b>		<u>16,991,206</u>	<u>18,335,227</u>
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	11	151	151
Profit and loss account	12	<u>16,991,055</u>	<u>18,335,076</u>
<b>SHAREHOLDERS' FUNDS – EQUITY INTERESTS</b>		<u>16,991,206</u>	<u>18,335,227</u>

On behalf of the Board

Director


  
14 June

2010

John Bartlett

**BP KAZAKHSTAN LIMITED****NOTES TO THE ACCOUNTS****1. Profit/(loss) on ordinary activities before interest and tax**

This is stated after charging / (crediting)

	<u>2009</u>	<u>2008</u>
	\$	\$
Exchange (gain) on provision retranslated	(38,279)	(131,438)
Exchange loss on foreign currency borrowings less deposits	3,026	370
Depreciation of owned fixed assets	<u>18,361</u>	<u>102,545</u>

**2. Auditor's remuneration**

	<u>2009</u>	<u>2008</u>
	\$	\$
Fees for the audit of the company	<u>8,516</u>	<u>8,240</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 accounts since the consolidated accounts of BP Kazakhstan Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis

**3. Interest payable and similar charges**

	<u>2009</u>	<u>2008</u>
	\$	\$
Interest expense on		
Amounts owed to group undertakings	1,665,475	6,376,867
Unwinding of discount on provisions	<u>4,699</u>	<u>9,290</u>
Total charged against loss	<u>1,670,174</u>	<u>6,386,157</u>

**4. Interest receivable and similar income**

	<u>2009</u>	<u>2008</u>
	\$	\$
Interest income from group undertakings	<u>229,686</u>	<u>5,414,796</u>

**BP KAZAKHSTAN LIMITED****NOTES TO THE ACCOUNTS****5. Taxation**

The Company is a member of a group for the purposes of relief under Section 402 of the Income & Corporation Taxes Act 1988

No corporation tax has been provided in respect of the company's oil extraction activity in the UK and UK Continental Shelf because another group company, BP Exploration Operating Company Limited, has undertaken to provide for any current or deferred tax that arises

In respect of the company's other activities, no corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred tax that arises without charge

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation

	<u>2009</u>	<u>2008</u>
	\$	\$
Loss before taxation	(1,344,021)	(1,156,284)
Current taxation	-	-
Effective current tax rate	0%	0%
	<u>2009</u>	<u>2008</u>
	%	%
UK statutory corporation tax rate	28	28
Increase/(decrease) resulting from		
Fixed asset timing differences	-	(2)
UK supplementary tax at 20% on North Sea profits	(6)	(1)
Other timing differences	(1)	3
IRF tax rate differences (30% IRF vs 28% ORD)	(1)	-
IRF tax provided in BP Exploration Operating Company Ltd	16	3
Group relief	(36)	(31)
Effective current tax rate	<u>-</u>	<u>-</u>

**6. Directors and employees****(a) Remuneration of director**

The director did not receive any fees or remuneration for his services as a director of the company during the financial year (2008 \$Nil)

**(b) Employee costs**

	<u>2009</u>	<u>2008</u>
	\$	\$
Wages and salaries	<u>119,045</u>	<u>148,282</u>

(c) The average monthly number of employees during the year was 3 (2008 3)

**BP KAZAKHSTAN LIMITED****NOTES TO THE ACCOUNTS****7. Tangible assets**

	Oil & gas properties
<b>Cost</b>	<b>\$</b>
At 1 January 2009/ 31 December 2009	<u>1,470,062</u>
<b>Depreciation and impairment</b>	
At 1 January 2009	1,392,003
Charge for the year	<u>18,361</u>
At 31 December 2009	<u>1,410,364</u>
<b>Net book value</b>	
At 31 December 2009	<u>59,698</u>
At 31 December 2008	<u>78,059</u>

**8. Debtors**

	2009	2008
	Within 1 year \$	Within 1 year \$
Trade debtors	648,757	152,921
Amounts owed by group undertakings	23,512,654	223,691,056
Other debtors	899,875	1,154,067
	<u>25,061,286</u>	<u>224,998,044</u>

**9. Creditors**

	2009	2008
	Within 1 year \$	Within 1 year \$
Amounts owed to group undertakings	9,819	198,102,696
Other creditors	2,014	201,058
Taxation	7,753,082	8,133,224
	<u>7,764,915</u>	<u>206,436,978</u>

**BP KAZAKHSTAN LIMITED****NOTES TO THE ACCOUNTS****10. Provisions for liabilities and charges**

	<u>Decom- missioning</u> \$
At 1 January 2009	342,476
Exchange adjustments	38,279
Unwinding of discount	4,699
At 31 December 2009	<u>385,454</u>

The company makes full provision for the future cost of decommissioning oil and natural gas production facilities and related pipelines on a discounted basis on the installation of those facilities. At 31 December 2009, the provision for the costs of decommissioning these production facilities and pipelines at the end of their economic lives was \$385,454 (2008: \$342,476). The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 2.0% (2008: 2.0%). These costs are expected to be incurred from 2013. While the provision is based on the best estimate of future costs and the economic lives of the facilities and pipelines, there is uncertainty regarding both the amount and timing of incurring these costs.

**11. Called up share capital**

	<u>2009</u> \$	<u>2008</u> \$
Allotted and called up 100 Ordinary shares of £1 each for a total nominal value of £100	<u>151</u>	<u>151</u>

**12. Capital and reserves**

	<u>Equity share capital</u> \$	<u>Profit and loss account</u> \$	<u>Total</u> \$
At 1 January 2009	151	18,335,076	18,335,227
Loss for the year	-	(1,344,021)	(1,344,021)
At 31 December 2009	<u>151</u>	<u>16,991,055</u>	<u>16,991,206</u>

**13. Reconciliation of movements in shareholders' funds**

	<u>2009</u> \$	<u>2008</u> \$
Loss for the year	(1,344,021)	(1,156,284)
Net decrease in shareholders' interests	(1,344,021)	(1,156,284)
Shareholders' interest at 1 January	18,335,227	19,491,511
Shareholders' interest at 31 December	<u>16,991,206</u>	<u>18,335,227</u>



**BP KAZAKHSTAN LIMITED**

**NOTES TO THE ACCOUNTS**

**14. Related party transactions**

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions entered into with group companies. There were no other related party transactions in the year.

**15. Pensions**

The company does not directly employ staff, however does not bear any pension charge.

**16. Immediate and ultimate parent undertaking**

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