

BP KAPUAS III LIMITED
(Registered No. 07322059)

ANNUAL REPORT AND ACCOUNTS 2014

Board of Directors: J H Bartlett
A P Martin

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

STRATEGIC REPORT

Results

The result for the year after taxation was \$nil which, when added to the accumulated loss brought forward at 1 January 2014 of \$9,750,445, gives a total accumulated loss carried forward at 31 December 2014 of \$9,750,445.

Principal activity and review of the business

On 1 April 2011, BP and co-owner PT Sugico Graha ("Sugico") were jointly awarded the Kapuas III CBM Production Sharing Contract ("PSC") through a direct offer from the Government of Indonesia. BP held a 45 per cent participating interest in the PSC with Sugico holding the remaining 55 per cent.

In 2012, BP management decided to exit the Kapuas III CBM PSC. In June 2013, BP Kapuas III Limited completed the transfer of all of its participating interests in the Kapuas III CBM PSC to PT Sugico Graha.

The company is expected to be dormant going forward

No key financial and other performance indicators have been identified for this company.

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management for the group.

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

Gulf of Mexico oil spill

The Gulf of Mexico oil spill in 2010 has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on the company.



BP KAPUAS III LIMITED

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Strategic and commercial risks

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

US government settlements

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

Reporting

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

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

14 July 2015

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP KAPUAS III LIMITED

DIRECTORS' REPORT

Directors

The present directors are listed on page 1.

J H Bartlett and A P Martin served as directors throughout the financial year. Changes since 1 January 2014 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
M R Illingworth	-	31 January 2014
W W L Lin	-	31 January 2014
J S Blythe	-	1 December 2014

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

Dividends

The company has not declared any dividends during the year (2013: \$Nil). The directors do not propose the payment of a dividend.

Future developments

The company is expected to be dormant going forward

BP KAPUAS III LIMITED

DIRECTORS' REPORT

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

14 July 2015

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP KAPUAS III LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 accounts.

BP KAPUAS III LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP KAPUAS III LIMITED

We have audited the financial statements of BP Kapuas III Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. 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 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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 Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Oxana Dorrington (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

20 July 2015

BP KAPUAS III LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

		<u>2014</u>	<u>2013</u>
	Note	\$	\$
Exploration expenses		-	3,239
Administration expenses		-	(2,360)
Operating result / profit	2	<u>-</u>	<u>879</u>
Result / profit before taxation		-	879
 Taxation	 4	 -	 -
Result/ profit for the year		<u>-</u>	<u>879</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2014

There are no recognised gains or losses attributable to the shareholders of the company other than the result of \$nil for the year (2013: profit of \$879)

BP KAPUAS III LIMITED
(Registered No. 07322059)

BALANCE SHEET AT 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Current assets			
Debtors	6	1,560	54,586
		<u>1,560</u>	<u>54,586</u>
Creditors: amounts falling due within one year	7	-	(53,026)
Net current assets		<u>1,560</u>	<u>1,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,560</u>	<u>1,560</u>
NET ASSETS		<u>1,560</u>	<u>1,560</u>
Capital and reserves			
Called up share capital	8	9,752,005	9,752,005
Profit and loss account	9	(9,750,445)	(9,750,445)
TOTAL EQUITY		<u>1,560</u>	<u>1,560</u>

The financial statements of BP Kapuas III Limited were approved for issue by the Board of Directors on 14 July 2015 and were signed on its behalf by:



A P Martin
Director

14 July 2015

BP KAPUAS III LIMITED

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

1. Accounting policies

The principal accounting policies are set out below and have been applied consistently throughout the year.

Accounting standards

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and 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.

Accounting convention

The accounts are prepared under the historical cost convention.

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.

Cash flow statement and related party disclosures

The group accounts of the ultimate parent undertaking, which are publicly available, contain a consolidated cash flow statement. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash Flow Statements" (Revised 1996). The company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are wholly-owned members of the BP group. For details of other related party transactions see Note 11.

Foreign currency transactions

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.

Transactions in foreign currencies are initially recorded in dollars by applying the rate of exchange ruling at the date of the transaction. 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.

BP KAPUAS III LIMITED

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

1. Accounting policies (continued)

Other creditors

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.

2. Operating result / profit

This is stated after charging:

	2014	2013
	\$	\$
Currency exchange losses	-	1,330

3. Auditor's remuneration

	2014	2013
	\$	\$
Fees for the audit of the company	8,785	8,485

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 Kapuas III Limited ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

4. Taxation

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. In the prior year, no UK corporation tax had been provided because another group company, BP International Limited, had undertaken to procure the claim or surrender of group relief to the extent it was required and to provide for any current or deferred UK tax that arose without charge. During the year that agreement was terminated and as a result for 2014 UK corporation tax has been provided in this company.

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

	2014	2013
	\$	\$
Result / profit before taxation	-	879
Current taxation	-	-
Effective current tax rate	0%	0%
	2014	2013
	\$	\$
Theoretical UK corporation tax at 21% (2013: 23%)	-	202
Decrease resulting from:		
Non-deductible expenditure / (non-taxable income)	-	(202)
Current taxation	-	-

BP KAPUAS III LIMITED

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

5. Directors and employees

(a) Remuneration of directors

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

(b) Employee costs

The company had no employees during the year (2013: None).

6. Debtors

	<u>2014</u>	<u>2013</u>
	Within	Within
	1 year	1 year
	\$	\$
Amounts owed by group undertakings	1,560	54,586
	<u>1,560</u>	<u>54,586</u>

7. Creditors

	<u>2014</u>	<u>2013</u>
	Within	Within
	1 year	1 year
	\$	\$
Amounts owed to group undertakings	-	31,146
Accruals and deferred income	-	21,880
	<u>-</u>	<u>53,026</u>

8. Called up share capital

	<u>2014</u>	<u>2013</u>
	\$	\$
Issued and fully paid:		
2 Ordinary shares of £1 each for a total nominal value of £2	4	4
9,752,001 Ordinary shares of \$1 each for a total nominal value of \$9,752,001	9,752,001	9,752,001
	<u>9,752,005</u>	<u>9,752,005</u>

9. Capital and reserves

	<u>Called up share capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	\$	\$	\$
At 1 January 2014	9,752,005	(9,750,445)	1,560
Result for the year	-	-	-
At 31 December 2014	<u>9,752,005</u>	<u>(9,750,445)</u>	<u>1,560</u>

BP KAPUAS III LIMITED

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

10. Reconciliation of movements in total equity

	<u>2014</u>	<u>2013</u>
	\$	\$
Result / profit for the year	-	879
Issue of ordinary share capital	-	9,752,000
Net increase in total equity	-	9,752,879
Total equity at 1 January	1,560	(9,751,319)
	<u>1,560</u>	<u>1,560</u>
Total equity at 31 December		

11. Related party transactions

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

12. Pensions

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

13. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP Exploration Operating Company 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.