

BP ABSHERON LIMITED

(Registered No.09971526)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

Board of Directors: J Freeman
B M Puffer
R G Jones

The directors present the strategic report, their report and the financial statements for the period ended 31 December 2016.

STRATEGIC REPORT

Results

The loss for the period from 26 January 2016 to 31 December 2016 after taxation was \$105,386,485 which gives a total accumulated loss carried forward at 31 December 2016 of \$105,386,485.

Principal activities and review of the business

The State Oil Company of the Azerbaijan Republic ("SOCAR") and BP have executed an Exploration, Development and Production Sharing Agreement ("EDPSA") for the Shallow Water Area around the Absheron Peninsula in the Azerbaijan Sector of the Caspian Sea dated 22 December 2014, and which became effective on 1 May 2015.

The Initial Exploration Period ("IEP") commenced on the effective date of the EDPSA (1 May 2015) and will last until the earlier to occur: (i) 31 October 2017, i.e. the expiration of a period of 30 months from the effective date; or (ii) submission by BP to SOCAR of a notice of prospectivity whereby BP has the right to select up to 4 prospective areas to be further explored. The Main Exploration Period ("MEP") will commence immediately following the date of the notice of prospectivity and will last for a period of 3 years, with a possibility to extend this period.

The EDPSA was originally executed by BP Exploration (Azerbaijan) Limited. BP Absheron Limited ("BPAL") was incorporated on 26 January 2016, and on 1 September 2016 it assumed the entire participating interest, together with all rights, obligations and liabilities, of BP Exploration (Azerbaijan) Limited with regard to the EDPSA. As a contractor party, BPAL has a 50% participating interest under the EDPSA. The remaining 50% participating interest is held by SOCAR Oil Affiliate ("SOA"), a company to be formed, owned and controlled by SOCAR. Pending formation of SOA, all rights and obligations of SOA will be performed by SOCAR.

According to the EDPSA, BPAL has an obligation to carry all petroleum costs attributable to the participating interest of SOA during both the IEP and MEP. SOA's share of the cost carried by BP during the MEP only will be reimbursed by SOA upon commencement of commercial production. Costs borne on behalf of SOA are capitalised or expensed in accordance with the company's normal accounting policy.



BP ABSHERON LIMITED

STRATEGIC REPORT

Principal activities and review of the business (continued)

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 2016.

Strategic and commercial risks

Prices and markets

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

Access, renewal and reserves progression

The company's inability to access, renew and progress upstream resources in a timely manner could adversely affect its long-term replacement of reserves.

Geopolitical

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

Joint arrangements and contractors

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

Digital infrastructure and cybersecurity

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

Climate change and carbon pricing

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

Competition

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

Crisis management and business continuity

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

Insurance

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

BP ABSHERON LIMITED

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Safety and operational risks

Process safety, personal safety and environmental risks

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

Security

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

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 and could result in litigation, regulatory action and penalties.

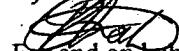
Reporting

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

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to commodity prices, foreign currency exchange rates and interest rates. 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 2016.

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

22 September 2017

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP ABSHERON LIMITED

DIRECTORS' REPORT

Directors

The present directors are listed on page 1.

J Freeman, B M Puffer and G Y Birrell served as directors through 26 January 2016 to 31 December 2016. Changes since 26 January 2016 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
J Freeman	26 January 2016	
B M Puffer	26 January 2016	
G Y Birrell	26 January 2016	2 April 2017
R G Jones	2 April 2017	

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 period. The directors do not propose the payment of a dividend.

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

Future developments

The directors consider that, despite the uncertainties deriving from the current economic environment and the loss reported for the period, the company has adequate resources to continue in operational existence for the foreseeable future.

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

BP ABSHERON LIMITED


DIRECTORS' REPORT

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

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

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

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

22 September 2017

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP ABSHERON 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 UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

BP ABSHERON LIMITED

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

We have audited the financial statements of BP Absheron Limited for the period from 26 January 2016 to 31 December 2016 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 14. 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 2016 and of its loss for the period 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

Jacqueline Ann Geary (Senior Statutory Auditor)

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

London

27 September 2017

BP ABSHERON LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016

		26/01/2016 to 31/12/2016
	Note	\$
Exploration expenses		(103,848,217)
Administrative expenses		(1,559,996)
Operating loss	3	(105,408,213)
Interest receivable and similar income	5	21,728
Loss before taxation		(105,386,485)
Taxation	6	-
Loss for the period		(105,386,485)

The loss of \$105,386,485 for the period from 26 January 2016 to 31 December 2016 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016

There is no comprehensive income attributable to the shareholders of the company other than the loss for the period.

BP ABSHERON LIMITED
(Registered No.09971526)

BALANCE SHEET AT 31 DECEMBER 2016

	Note	<u>2016</u>
		\$
Fixed assets		
Intangible assets		<u>1</u>
		1
Current assets		
Stocks	8	10,817
Debtors	9	<u>40,033,672</u>
Creditors: amounts falling due within one year	10	<u>(19,569,614)</u>
Net current assets		20,474,875
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,474,876</u>
Creditors: amounts falling due after more than one year		(1,561,261)
NET ASSETS		<u>18,913,615</u>
Capital and reserves		
Called up share capital	11	124,300,100
Profit and loss account	12	(105,386,485)
TOTAL EQUITY		<u>18,913,615</u>

On behalf of the Board



J Freeman
Director

22 September 2017

BP ABSHERON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016

	<u>Called up share capital (Note 11)</u>	<u>Profit and loss account (Note 12)</u>	<u>Total</u>
	\$	\$	\$
Balance at 26 January 2016	-	-	-
Loss for the period, representing total comprehensive income		(105,386,485)	(105,386,485)
Issue of share capital	<u>124,300,100</u>	<u>-</u>	<u>124,300,100</u>
Balance at 31 December 2016	<u>124,300,100</u>	<u>(105,386,485)</u>	<u>18,913,615</u>

BP ABSHERON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016

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

The financial statements of BP Absheron Limited for the period from 26 January 2016 to 31 December 2016 were approved by the board of directors on 22 September 2017 and the balance sheet was signed on the board's behalf by J Freeman. BP Absheron Limited is a limited company incorporated and registered 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 paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- (c) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- (f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 14.

The financial statements are presented in US dollars and all values are rounded to the nearest whole number in dollars (\$).

BP ABSHERON LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016**

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.

Significant accounting policies

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.

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, other than goodwill, 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.

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

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

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

BP ABSHERON LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016**

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

Significant accounting policies (continued)

Intangible assets (continued)

Oil and natural gas exploration, appraisal and development expenditure

Oil and natural gas exploration, appraisal and development expenditure is accounted for using the principles of the successful efforts method of accounting.

Exploration and appraisal expenditure

Geological and geophysical exploration costs are charged to the profit and loss account as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset.

Costs directly associated with appraisal activity, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset. When proved reserves of oil and natural gas are determined and development is approved by management, the relevant expenditure is transferred to tangible assets.

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.

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 is as follows:

BP ABSHERON LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016**

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

Significant accounting policies (continued)

Financial assets (continued)

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.

Impairment of financial assets

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

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 is as follows:

Financial liabilities measured at amortised cost

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, 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.

Interest income

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

BP ABSHERON LIMITED

NOTES TO THE FINANCIAL STATEMENTS.
FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016

3. Operating loss

This is stated after charging:

	Period 26/01/2016 to 31/12/2016
Operating lease payments:	\$
Plant & machinery	200,647
Tanker charters	390,832
Net foreign exchange losses	<u>20,771</u>

4. Auditor's remuneration

	Period 26/01/2016 to 31/12/2016
	\$
Fees for the audit of the company	<u>24,569</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 Absheron Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

5. Interest receivable and similar income

	Period 26/01/2016 to 31/12/2016
	\$
Interest income from amounts owed by group undertaking	21,728
Total interest receivable and similar income	<u>21,728</u>

BP ABSHERON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016

6. Taxation

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

a) Reconciliation of the effective tax rate

The tax assessed on the loss for the period is lower than the standard rate of corporation tax in the UK of 20% for the period from 26 January 2016 to 31 December 2016. The differences are reconciled below:

	Period 26/01/2016 to 31/12/2016
	\$
Loss before taxation	(105,386,485)
Tax charge	-
Effective tax rate	0%
	<hr/> 2016
	%
UK statutory corporation tax rate:	20
Non deductible expenditure / non taxable income	(10)
Movements in unrecognised deferred tax	(10)
Effective tax rate	<hr/> -

Change in corporation tax rate

The UK corporation tax rate reduced to 19% with effect from 1 April 2017, and will further reduce to 17% from 1 April 2020.

(b) Provision for deferred tax

Deferred tax has not been recognised on deductible temporary differences of \$52,704,106 relating to pre-trading expenditure with a fixed expiry date; unused amounts expire in 2023.

7. 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 period.

(b) Employee costs

The company had no employees during the period.

8. Stocks

	<hr/> 2016
	\$
Raw materials and consumables	
Supplies	10,817
	<hr/> 10,817

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

BP ABSHERON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016

9. Debtors

Amounts falling due within one year:

	<u>2016</u>
	\$
Prepayments and accrued income	54,294
Amounts owed by group undertakings	<u>39,979,378</u>
	<u>40,033,672</u>

10. Creditors

Amounts falling due within one year:

	<u>2016</u>
	\$
Amounts owed to group undertakings	16,520,102
Other creditors	12,143
Accruals and deferred income	<u>3,037,369</u>
	<u>19,569,614</u>

Amounts falling due after one year:

	<u>2016</u>
	\$
Other creditors	<u>1,561,261</u>
	<u>1,561,261</u>
Total creditors	<u>21,130,875</u>

11. Called up share capital

	<u>2016</u>
	\$
Issued and fully paid:	
124,300,100 ordinary shares of \$1 each for a total nominal value of \$124,300,100	<u>124,300,100</u>
	<u>124,300,100</u>

On 21 December 2016, 124,300,000 ordinary shares of \$1 each for a total nominal value of \$124,300,000, and on 30 December 2016, 100 ordinary shares of \$1 each for a total nominal value of \$100, were allotted to the parent company at par value.

12. Reserves

Called up share capital

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

Profit and loss account

The balance held on this reserve is the accumulated losses of the company.

BP ABSHERON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 26 JANUARY 2016 TO 31 DECEMBER 2016

13. 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 period.

14. 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 its registered address: 1 St James's Square, London, SW1Y 4PD.