

**BP EXPLORATION COMPANY LIMITED**

**(Registered No. SC000792)**

**ANNUAL REPORT AND ACCOUNTS 2009**

Board of Directors: M C Daly  
R C Harrington  
J H Bartlett

**REPORT OF THE DIRECTORS**

The directors present their report and accounts for the year ended 31 December 2009.

**Results and dividends**

The profit for the year after taxation was \$10,251,767,000 which, when added to the retained profit brought forward at 1 January 2009 of \$393,122,000 together with total paid interim dividend to ordinary shareholders of \$10,438,000,000, gives a total retained profit carried forward at 31 December 2009 of \$206,889,000.

During the year the company has declared and paid ordinary dividends of \$10,438,000,000 (2008: \$3,516,087,000). The directors do not propose the payment of a final dividend.

**Principal activity and review of the business**

The company holds investments in subsidiary undertakings engaged in oil and gas production and exploration world wide. The company had branches operating in the United Arab Emirates and Canada.

In December 2009 the branch in Canada was transferred to BP Exploration Operating Company Limited. During the year the investment in BP CHP (UK) Limited was disposed of.

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

	2009 \$000	2008 \$000	Variance %
Dividend income	10,458,000	4,910,011	113
Profit after taxation	10,251,767	4,825,262	112
Shareholders' funds	1,332,751	1,518,984	(12)
	2009 %	2008 %	Variance
Current assets as % of current liabilities (quick ratio)	434	442	250

There was an increase in dividends received which caused the increase in the profit after tax. This had no real effect on the shareholders' funds as a similar amount was paid out as dividends to ordinary shareholders.



## **BP EXPLORATION COMPANY LIMITED**

### **REPORT OF THE DIRECTORS**

#### **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 two categories: compliance and ethics and financial risk management.

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

##### ***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 and foreign currency exchange 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.

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's growth 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.

## **BP EXPLORATION COMPANY LIMITED**

### **REPORT OF THE DIRECTORS**

#### **Directors**

The present directors are listed on page 1.

M C Daly served as a director throughout the financial year. Changes since 1 January 2009 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
W E Armstrong	-	1 July 2009
A G Inglis	-	1 March 2010
F W M Starkie	-	30 September 2009
R C Harrington	1 October 2009	-
J H Bartlett	1 July 2009	-

#### **Directors' indemnity**

The company indemnifies the directors 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 EXPLORATION COMPANY LIMITED**

**REPORT OF THE DIRECTORS**

**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



Yasin Ali  
Company Secretary

3 September 2010

Registered Office:

1 Wellheads Avenue  
Dyce  
Aberdeen  
AB21 7PB  
United Kingdom

## **BP EXPLORATION COMPANY LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). 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 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. 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 EXPLORATION COMPANY LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**BP EXPLORATION COMPANY 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 directors and auditors**

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 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 directors; 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 profit 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 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 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 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

Registered auditor

London

3 September 2010

# **BP EXPLORATION COMPANY LIMITED**

## **ACCOUNTING POLICIES**

### **Accounting standards**

These accounts are prepared in accordance with applicable UK accounting standards.

### **Accounting convention**

The accounts are prepared under the historical cost convention.

### **Basis of accounting**

As at 1 January 2009 the company's financing arrangements were converted from sterling to US dollars. This, coupled with the fact that the company has a significant portion of its earning streams as US dollar denominated, mean it is now the case that the US dollar is the company's functional currency. The company has adopted the US dollar as its reporting currency from 1 January 2009.

### **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.

### **Group accounts**

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 400 (1) of the Companies Act 2006. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p.l.c., a company registered in England and Wales. The accounts present information about the company as an individual undertaking and not about the group.

### **Dividend income**

Dividend income from investments is recognised when the shareholders' right to receive the payment is established.

### **Foreign currency transactions**

The company's functional currency was GBP sterling until 31 December 2008 when it was decided to move to US dollar as the functional currency, following the conversion of the company's financing arrangements from sterling to dollar and given that the company's earning streams are predominantly US dollar denominated.

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 charged against income in the year in which it is incurred.

## **BP EXPLORATION COMPANY LIMITED**

### **ACCOUNTING POLICIES**

#### **Dividends payable**

Final dividends are recorded in the accounts 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.

#### **Oil and natural gas exploration and development expenditure**

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

#### **Exploration expenditure**

Geological and geophysical exploration costs are charged against income 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 hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells, are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to regular technical, commercial and management review to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets.

#### **Investments**

Fixed asset investments in subsidiaries, joint ventures and associates are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

#### **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.

#### **Comparative figures**

The comparative figures for 2008 in US dollar have been presented using an average rate for the profit and loss account and the 2008 year end rate for the balance sheet.

**BP EXPLORATION COMPANY LIMITED**

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

		2009	2008
		\$000	Restated \$000
<b>Dividend income</b>		10,458,000	4,910,011
Exploration expenses		(3,889)	(2,455)
Administration expenses		(124,125)	436,315
Gain on disposal of investments		8,166	-
<b>Profit on ordinary activities before interest and tax</b>	<b>1</b>	10,338,152	5,343,871
Interest payable and similar charges	<b>3</b>	(88,587)	(553,100)
Interest receivable and similar income	<b>4</b>	2,202	34,491
<b>Profit before taxation</b>		10,251,767	4,825,262
Taxation	<b>5</b>	-	-
<b>Profit for the year</b>		10,251,767	4,825,262

The profit of \$10,251,767,000 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**

	2009	2008
	\$000	Restated \$000
<b>Profit for the year</b>	10,251,767	4,825,262
Currency translation differences	-	(984,777)
<b>Total recognised gains and losses for the year</b>	10,251,767	3,840,485

**BP EXPLORATION COMPANY LIMITED**

(Registered No.SC792)

**BALANCE SHEET AT 31 DECEMBER 2009**

		2009	2008
			Restated
	Note	\$000	\$000
<b>Fixed assets</b>			
Investments	7	6,645,898	6,648,792
<b>Current assets</b>			
Debtors	8	711,334	930,626
Cash at bank and in hand		718	516
		712,052	931,142
<b>Creditors:</b> amounts falling due within one year	9	(93,472)	(159,926)
<b>Net current assets</b>		618,580	771,216
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,264,478	7,420,008
<b>Creditors:</b> amounts falling due after more than one year	9	5,931,727	(5,901,024)
<b>NET ASSETS</b>		1,332,751	1,518,984
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	11	1,125,862	1,125,862
Profit and loss account	12	206,889	393,122
<b>SHAREHOLDERS' FUNDS – EQUITY INTERESTS</b>		1,332,751	1,518,984

On behalf of the Board



Director

John Bartlett

8 September 2010

**BP EXPLORATION COMPANY LIMITED**

**NOTES TO THE ACCOUNTS**

**1. Profit on ordinary activities before investment income, interest and tax**

This is stated after charging / (crediting):

	2009	2008
		Restated
	\$000	\$000
Exchange loss / (gain) on foreign currency borrowings less deposits	(12,589)	(436,298)
Exploration expense	<u>3,889</u>	<u>2,455</u>

**2. Auditor's remuneration**

	2009	2008
		Restated
	\$000	\$000
Fees for the audit of the company	<u>16</u>	<u>20</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 Exploration Company's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

**3. Interest payable and similar charges**

	2009	2008
		Restated
	\$000	\$000
Interest payable to group undertakings	<u>88,587</u>	<u>553,100</u>

**4. Interest receivable and similar income**

	2009	2008
		Restated
	\$000	\$000
Interest income from group undertakings	<u>2,202</u>	<u>34,491</u>

**BP EXPLORATION COMPANY 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 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.

	2009	2008
	<u>\$000</u>	<u>Restated \$000</u>
Profit before taxation	10,251,767	4,825,262
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:		
Permanent differences	(28)	(29)
Group relief	-	1
Effective current tax rate	<u>-</u>	<u>-</u>

**6. 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 (2008: \$Nil).

Mr A G Inglis is a director of BP p.l.c. (the ultimate parent undertaking) in whose accounts the information required by the Companies Act 2006 as regards to emoluments is given. The remaining directors are senior executives of, and are remunerated by, BP p.l.c. and received no remuneration for services to this company or its subsidiary undertakings.

The company had no employees during the year (2008: Nil).

**BP EXPLORATION COMPANY LIMITED**

**NOTES TO THE ACCOUNTS**

**7. Fixed assets – investments**

	Subsidiary shares	Investment in associate's shares	Joint ventures shares	Total
	\$000	\$000	\$000	\$000
<b>Cost</b>				
At 1 January 2009 – restated	6,832,474	5,770	469	6,838,713
Additions	151,110	6	-	151,116
Disposals	(54,050)	-	-	(54,050)
At 31 December 2009	<u>6,929,534</u>	<u>5,776</u>	<u>469</u>	<u>6,935,779</u>
<b>Amounts provided</b>				
At 1 January 2009 – restated	184,661	5,260	-	189,922
Charge for the year	136,698	-	-	136,698
Disposals	(36,738)	-	-	(36,738)
At 31 December 2009	<u>284,621</u>	<u>5,260</u>	<u>-</u>	<u>289,881</u>
<b>Net book amount</b>				
At 31 December 2009	<u>6,644,913</u>	<u>516</u>	<u>469</u>	<u>6,645,898</u>
At 31 December 2008 - restated	<u>6,647,813</u>	<u>510</u>	<u>469</u>	<u>6,648,792</u>

The investments in the subsidiary and associated undertakings are unlisted.

During the year the investment in BP CHP (UK) Limited was disposed of.

The subsidiary and associated undertakings and joint ventures of the company at 31 December 2009 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

<b>Subsidiary undertakings</b>	<b>%</b>	<b>Country of incorporation</b>	<b>Principal activity</b>
Agencia Operadora Guarapiche S A	100	Venezuela	Exploration and production
BP (Abu Dhabi) Limited	100	England and Wales	Exploration and production
BP Caribbean (Holdings) Limited	100	Trinidad and Tobago	Exploration and production
BP Energy Limited	100	England and Wales	Exploration and production
BP Exploration Company (Middle East) Limited	100	England and Wales	Exploration and production
BP Exploration (Finance) Limited	100	England and Wales	Exploration and production
BP Exploration Mexico Limited	100	England and Wales	Exploration and production
BP Exploration Operating Company Limited	100	England and Wales	Exploration and production
BP Exploration Orinoco Limited	100	England and Wales	Exploration and production
BP Services International Limited	100	England and Wales	Exploration and production

**BP EXPLORATION COMPANY LIMITED**

**NOTES TO THE ACCOUNTS**

**7. Fixed assets – investments (continued)**

<b>Associated undertakings</b>	<b>%</b>	<b>Country of incorporation</b>	<b>Issued share capital</b>	<b>Principal activity</b>
Bunduq Company Limited	33.33	Abu Dhabi	25,000 'A' Shares of £1 each	Crude oil production
Abu Dhabi Marine Operating Company	14.67	Abu Dhabi	1,467 shares of 100 UAE Dirhams each	Exploration and production
<b>Joint ventures</b>	<b>%</b>	<b>Principal place of business</b>	<b>Principal activities</b>	
BP Japan Oil Development Company Limited	55	Abu Dhabi	Refining and marketing	
Kuwait Oil Company Limited	50	England and Wales	Corporate	

**8. Debtors**

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>Within</b>	<b>After</b>	<b>Restated</b>	<b>Restated</b>
	<b>1 year</b>	<b>1 year</b>	<b>Within</b>	<b>After</b>
	<b>\$000</b>	<b>\$000</b>	<b>1 year</b>	<b>1 year</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Amounts owed by group undertakings	405,981	-	705,466	-
Amounts owed by associates	-	6,505	693	4,526
Amounts owed by joint ventures	-	298,699	-	219,935
Other debtors	149	-	6	-
	<u>406,130</u>	<u>305,204</u>	<u>706,165</u>	<u>224,461</u>

**9. Creditors**

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>Within</b>	<b>After</b>	<b>Restated</b>	<b>Restated</b>
	<b>1 year</b>	<b>1 year</b>	<b>Within</b>	<b>After</b>
	<b>\$000</b>	<b>\$000</b>	<b>1 year</b>	<b>1 year</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Trade creditors	-	-	434	-
Amounts owed to group undertakings	76,995	-	150,368	-
Amounts owed to joint ventures	3,646	-	3,646	-
Other creditors	12,823	-	5,471	-
Accruals and deferred income	8	-	7	-
Loans from group undertakings (see note 10)	-	5,931,727	-	5,901,024
	<u>93,472</u>	<u>5,931,727</u>	<u>159,926</u>	<u>5,901,024</u>

**BP EXPLORATION COMPANY LIMITED**

**NOTES TO THE ACCOUNTS**

**10. Loans**

Loans repayable, included within creditors, are analysed as follows:

	2009	2009	2008	2008
	Within	After	Restated	Restated
	5 years	5 years	Within	After
	\$000	\$000	5 years	5 years
	\$000	\$000	\$000	\$000
Wholly repayable	<u>-</u>	<u>5,931,727</u>	<u>-</u>	<u>5,901,024</u>

The loan is from BP International and bears interest at the LIBOR rate plus 50 basis points.

**11. Called up share capital**

	2009	2008
	Restated	Restated
	\$000	\$000
Allotted and called up:		
260,335,000 Ordinary shares of £1 each for a total nominal value of £260,335,000	375,610	375,610
5,200,000 redeemable cumulative preference shares of £100 each for a total nominal value of £520,000,000	750,252	750,252
	<u>1,125,862</u>	<u>1,125,862</u>

The redeemable cumulative preference shares are redeemable in four days' notice and are entitled to a fixed cumulative preference dividend, but carry no right to vote. The preference shareholders waived their rights to a dividend.

**12. Capital and reserves**

	Equity	Profit and	
	share	loss	
	capital	account	Total
	\$000	\$000	\$000
At 1 January 2009 - restated	1,125,862	393,122	1,518,984
Profit for the year	-	10,251,767	10,251,767
Dividends – current year interim paid	-	(10,438,000)	(10,438,000)
At 31 December 2009	<u>1,125,862</u>	<u>206,889</u>	<u>1,332,751</u>

In 2009 the company has paid interim ordinary dividends for \$10,438,000,000. The dividend per share was \$40.09 (2008 dividend per share: \$13.50).

**BP EXPLORATION COMPANY LIMITED**

**NOTES TO THE ACCOUNTS**

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

	2009	2008
	<u>\$000</u>	<u>Restated</u>
	<u>\$000</u>	<u>\$000</u>
Profit for the year	10,251,767	4,825,262
Currency translation differences	-	(984,777)
Dividends – current year interim paid	(10,438,000)	(3,516,087)
Net increase in shareholders' interests	(186,233)	324,398
Shareholders' interest at 1 January	1,518,984	1,194,586
Shareholders' interest at 31 December	<u>1,332,751</u>	<u>1,518,984</u>

**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.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

Related party	Relationship	Description	Amounts owed from related party	Amounts owed to related party
			<u>\$000</u>	<u>\$000</u>
Japan Oil Development Company Limited	Joint venture	Refining and marketing		
2009			298,699	-
2008 – restated			219,935	-
Kuwait Oil Company	Joint venture	Corporate		
2009			-	3,646
2008 – restated			-	3,646
Bunduq Company Limited	Associate	Crude oil production		
2009			6,505	-
2008 - restated			5,219	-

**15. Presentation currency**

The presentation currency of the accounts has been changed to USD following a change in the functional currency from GBP to USD.

**15. Pensions**

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

**BP EXPLORATION COMPANY LIMITED**

**NOTES TO THE ACCOUNTS**

**16. Immediate and ultimate parent undertaking**

The immediate parent undertaking of this company is BP International 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.