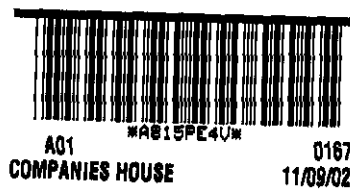


ANNUAL REPORT AND ACCOUNTS

BP CYPRUS LIMITED

DECEMBER 31, 2001



BP CYPRUS LIMITED

ANNUAL REPORT AND ACCOUNTS 2001

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BP CYPRUS LIMITED
(Registered No. 454043)

ANNUAL REPORT AND ACCOUNTS 2001

Board of Directors: G A Petrou
D Hulf
P A Short

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31 December 2001.

Principal activity and review of business

The company buys, sells and otherwise deals in petroleum products in Cyprus. It is the intention of the directors that this business will continue for the foreseeable future.

The company had formed and operated a joint venture with Mobil Oil Cyprus Limited as from 1 April 1998. The company had a 70% interest in the joint venture. The principal activities of the joint venture were to provide services to the participants' two marketing companies in the areas of supply and distribution, finance and accounting, technology and human resources. The joint venture ceased operations on 1 October 2001.

Results and dividends

The profit for the year after taxation of £2,874,589, after deducting dividends of £3,195,000, when added to retained profit brought forward at 1 January 2001 of £7,949,743, (together with exchange adjustments taken directly to reserves of £29,382), gives a total retained profit carried forward at 31 December 2001 of £7,658,714.

Directors

The present directors are listed above.

G Petrou and P A Short served as directors throughout the financial year. Changes since 1 January 2001 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
D Hulf	30 December 2001	-
R J Pillari	-	30 December 2001

Directors' interests

The interests of the directors holding office at 31 December 2001, other than directors of the ultimate parent undertaking, and their families, in the US\$0.25 ordinary shares of BP p.l.c., (formerly BP Amoco p.l.c.), were as set out below:

	<u>31 December 2001</u>	<u>1 January 2001</u> <u>(or date of appointment)</u>
G A Petrou	427	-
D Hulf	122,131	122,131
P A Short	24,658	23,909

BP CYPRUS LIMITED

REPORT OF THE DIRECTORS

Directors' interests (continued)

In addition, rights to subscribe for US\$0.25 ordinary shares in BP p.l.c. (formerly BP Amoco p.l.c.), were granted to, or exercised by, the directors between 1 January 2001 (or date of appointment) and 31 December 2001, as follows :-

	<u>Granted</u>	<u>Exercised</u>
G A Petrou	3,250	-
D Hulf	-	-
P A Short	-	-

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2001.

Policy with respect to payment of suppliers

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the Company. A copy of the code of practice can be obtained from the CBI.

The number of days purchases represented by trade creditors at the year end was 48 days.

Auditors

Ernst & Young LLP will continue in office as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

By order of the Board



Secretary

2 September 2002

Registered Office:
Breakspear Park
Breakspear Way
Hemel Hempstead
Herts HP2 4UL

BP CYPRUS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

BP CYPRUS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF BP CYPRUS LIMITED

We have audited the accounts for the year ended 31 December 2001, which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 22. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2001 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
London.

2 September 2002



BP CYPRUS LIMITED

ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared in accordance with applicable UK Accounting Standards and the Companies Act 1985.

The accounts have been prepared under the historical cost convention with the exception of tangible fixed assets, which, under the transitional rules of Financial Reporting Standard No. 15 "Tangible Fixed Assets" (FRS 15), are included at their previous valuations. From 2000 it is the company's policy not to revalue tangible fixed assets.

Accounting Standards

The company has adopted Financial Reporting Standard No. 18 "Accounting Policies" (FRS 18) with effect from 1 January 2001 and has made the transitional disclosures required by Financial Reporting Standard No. 17 "Retirement Benefits" (FRS 17). Adoption of FRS 18 has not had any effect on the results for the year or required any restatement of prior year comparatives.

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 228(1) of the Companies Act 1985. The results of the subsidiary undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p.l.c., a company registered in England and Wales.

As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No. 1 (Revised), a cash flow statement is not presented in these accounts.

Stock valuation

Stocks are valued at cost to the company using the first-in-first-out method, or at net realisable value, whichever is the lower. Stores are stated at or below cost calculated mainly using the average method.

Foreign currencies

Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange. Income statements are translated at average rates of exchange.

Exchange differences resulting from restating opening net assets at closing rates of exchange, together with the difference between the profit and loss account translated at average rate and at closing rate are dealt with in reserves.

All other exchange gains or losses on settlement, or translation at closing rates of exchange of monetary assets and liabilities, are included in the determination of profit for the year.

Depreciation

Tangible fixed assets, other than freehold land, are depreciated on the straight line method over their estimated useful lives.

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BP CYPRUS LIMITED

ACCOUNTING POLICIES

Leases

Assets held under leases, which result in the company receiving substantially all risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments. The corresponding finance lease obligation is included with borrowings. The interest element of the finance lease obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

Rentals under operating leases are charged against income as incurred.

Pensions and other retirement benefits

Pension costs represent the contributions made to The BP Non-Contributory Pension Fund and other retirement funds which are of an overall defined benefit type. In accordance with Statement of Standard Accounting Practice No. 24 "Accounting for pension costs", the cost of providing pensions and other retirement benefits is charged to income on a systematic basis, with pension surpluses and deficits amortised over the expected average remaining service lives of current employees. The difference between the amounts charged to income and contributions made to the pension and other retirement benefit plans is included within debtors or creditors as appropriate.

The transitional disclosures of FRS17 have been made, these and the major assumptions used in calculating these figures are disclosed in note 18 to the accounts.

Deferred taxation

Deferred taxation is calculated using the liability method, in respect of timing differences arising primarily from the difference between the accounting and tax treatment of both depreciation and petroleum revenue duties and taxes. Provision is made, or recovery anticipated, where timing differences are expected to reverse in the foreseeable future.

Investments

The investments in the Joint Venture and shares in the subsidiary undertaking are stated at cost less any impairment in value.

Environmental liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

Trade debtors

A specific provision for bad debts is made on debtor balances when their recoverability is doubtful. Bad debts are written off when there is no realistic prospect of recovery.

Marketing costs

Marketing costs are accrued at the time of the activity.

BP CYPRUS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 £	2000 £
Turnover	1	108,818,676	100,766,713
Cost of sales		(93,849,165)	(89,778,338)
Gross profit		<u>14,969,511</u>	<u>10,988,375</u>
Distribution and marketing expenses		(10,525,240)	(6,619,861)
		<u>4,444,271</u>	<u>4,368,514</u>
Other income	3	233,787	694,729
Interest payable and similar charges	4	(226,732)	(479,338)
Profit before taxation		<u>4,451,326</u>	<u>4,583,905</u>
Taxation	5	(1,576,737)	(1,219,651)
Profit for the year		<u>2,874,589</u>	<u>3,364,254</u>
Distribution to shareholders		(3,195,000)	-
Retained (loss)/profit for the year		<u>(320,411)</u>	<u>3,364,254</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 £	2000 £
Profit for the year	2,874,589	3,364,254
Currency translation differences	29,382	(73,976)
Total recognised gains and losses for the year	<u>2,903,971</u>	<u>3,290,278</u>

The profit for the year is not materially different from the result on an unmodified historical cost basis.

BP CYPRUS LIMITED**BALANCE SHEET AT 31 DECEMBER 2001**

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	7	10,853,894	9,997,613
Investments	8	380,170	5,612,973
		<u>11,234,064</u>	<u>15,610,586</u>
Current assets			
Stocks	9	6,005,930	2,616,644
Debtors	10	8,716,909	9,394,646
Cash at bank and in hand		5,818,530	8,205,758
		<u>20,541,369</u>	<u>20,217,048</u>
Creditors - amounts falling due within one year			
Finance debt	11	(2,490,168)	(4,518,172)
Creditors	12	(16,179,016)	(17,515,211)
		<u></u>	<u></u>
Net current assets/(liabilities)		<u>1,872,185</u>	<u>(1,816,335)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,106,249</u>	<u>13,794,251</u>
Deferred tax asset/(liability)	5	136,779	(260,194)
SHAREHOLDERS' INTEREST		<u>13,243,028</u>	<u>13,534,057</u>
Represented by			
Capital and reserves			
Called up share capital	14	4,433,450	4,433,450
Revaluation Reserve	15	219,420	219,420
Other Reserves	15	931,444	931,444
Profit and loss account	15	7,658,714	7,949,743
		<u></u>	<u></u>
SHAREHOLDERS' FUNDS - EQUITY INTERESTS	15	<u>13,243,028</u>	<u>13,534,057</u>


Director

2 September 2002

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax and associated petroleum revenue duties and taxes, comprises amounts invoiced to third parties, all of which falls within the European geographic area.

Included in turnover are provisions made by the company for any under / over recovery of profits made by the company that is recoverable / refundable through the Price Negotiations Balance Sheet adjustment (PNBS) mechanism operated by the government for the oil industry in Cyprus.

Turnover is attributable to one continuing activity, the purchasing and selling of petroleum products.

2 Profit on ordinary activities

This is stated after charging :

	2001 £	2000 £
Operating lease rentals :		
Land and buildings	667,676	511,295
Plant and machinery	1,055	638
Depreciation of owned fixed assets	757,126	684,418
Auditors' remuneration :		
Audit fees – current fees	19,892	14,894
	<u> </u>	<u> </u>

Included in marketing and distribution expenses is an amount of £1,159,140 representing costs incurred by the company during the year in relation to the Partnership dissolution (note 20). These include costs for re-branding retail stations acquired from Mobil Oil Cyprus Ltd, offices relocation and other related legal and professional costs.

3. Other income

	2001 £	2000 £
Income from parent and fellow subsidiary undertakings	158,770	45,272
Bank interest	40,534	29,244
Income from Mobil Oil Cyprus Ltd (note 20)	34,483	620,213
	<u>233,787</u>	<u>694,729</u>

4. Interest payable and similar charges

	2001 £	2000 £
Non-group bank loans and overdrafts	87,323	324,920
Other loans	130,229	138,285
Other interest	9,180	16,133
	<u>226,732</u>	<u>479,338</u>

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

5. Taxation

United Kingdom 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 free group relief to the extent it is required and to provide for any current or deferred tax that arises.

Overseas Taxation

	<u>2001</u>	<u>2000</u>
	£	£
Current taxation:		
Tax on income for the year	1,885,894	1,292,299
Adjustment in respect of prior periods	89,286	138
Deferred taxation:		
Originating and reversing timing differences	(398,443)	(72,786)
	<u>1,576,737</u>	<u>1,219,651</u>

Deferred taxation has been provided in the accounts comprising tax on short term timing differences as follows:

	<u>2001</u>	<u>2000</u>
	£	£
<i>Analysis of movements during the year :</i>		
At 1 January	260,194	337,390
Exchange adjustments	(2,769)	(3,627)
Capital allowances less depreciation	74,659	10,153
Price Negotiations Balance Sheet adjustment	(468,863)	(83,722)
Balance at 31 December	<u>(136,779)</u>	<u>260,194</u>
<i>Analysis of provision :</i>		
Capital allowances less depreciation	13,850	(61,462)
Price Negotiations Balance Sheet adjustment	(150,629)	321,656
	<u>(136,779)</u>	<u>260,194</u>

Deferred taxation has not been provided in respect of capital gains tax arising on revaluation of assets.

BP CYPRUS LIMITED
NOTES TO THE ACCOUNTS

6. Directors and employees

	2001 £	2000 £
(a) Remuneration of directors:		
Total paid in respect of one director with an overseas service contract	104,297	86,877

The remaining directors received no fees or remuneration for services as directors of the company during the financial year (2000 : £NIL).

	2001 £	2000 £
(b) Employee costs:		
Wages and salaries	2,039,998	1,635,505
Social insurance costs	182,113	164,386
Pensions and other retirement benefit costs :		
- to local employees	65,915	59,341
- to employees seconded overseas	3,751	1,187
Other benefits and contributions	85,441	67,357
Redundancies	252,257	-
	<u>2,629,475</u>	<u>1,927,776</u>

Employee share scheme

BP offers most of its employees the opportunity to acquire a shareholding in BP p.l.c. through the BP ShareMatch Plan. BP Cyprus Ltd matches employees' own contributions of shares, up to a predetermined limit. The shares are then held in trust for a defined minimum period of three years. The company's matching contributions during the year were £33,156 and are included in other benefits and contributions above.

Redundancies

These relate to payments made by the company during the year to employees made redundant pursuant to the dissolution of the Partnership with Mobil Oil Cyprus Ltd and following a rationalisation of procedures.

	2001	2000
(c) Average number of employees during the year (all non-UK):		
Marketing and distribution	58	54

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

7. Tangible assets

	Freehold Land & Buildings £	Buildings on Leasehold Land £	Fixtures & Fittings £	Plant & Machinery £	Total £	of which: Assets under construction £
Cost						
At 1 January 2001	3,757,281	2,733,822	147,859	12,198,738	18,837,700	3,447,453
Exchange adjustments	(39,971)	(29,083)	(1,573)	(129,774)	(200,401)	(36,674)
Additions	9,830	93,873	-	1,618,839	1,722,542	278,391
Deletions	-	-	-	(28,266)	(28,266)	-
Transfers	-	24,166	-	(24,166)	-	(3,400,201)
At 31 December 2001	3,727,140	2,822,778	146,286	13,635,371	20,331,575	288,969
Depreciation						
At 1 January 2001	315,276	1,956,144	132,929	6,435,738	8,840,087	-
Exchange adjustments	(3,613)	(21,450)	(1,492)	(75,543)	(102,098)	-
Charge for the year	24,390	60,146	7,360	665,229	757,125	-
Deletions	-	-	-	(17,433)	(17,433)	-
At 31 December 2001	336,053	1,994,840	138,797	7,007,991	9,477,681	-
Net book amount						
At 31 December 2001	3,391,087	827,938	7,489	6,627,380	10,853,894	288,969
At 31 December 2000	3,442,005	777,678	14,930	5,763,000	9,997,613	3,447,453
Principal rates of depreciation:	5%	2½ % - 10%	15%	5%-20%		

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

7. Tangible assets (continued)

On implementation of FRS 15 in 2000, the company did not adopt a policy of revaluation. Under the transitional provisions of FRS 15, the company retained the carrying amounts of tangible fixed assets which reflect previous revaluations.

The last revaluation of all fixed assets other than those in territories occupied by Turkish forces was carried out as at 1 January, 1987. Land was revalued by an independent professional valuer and other fixed assets by the company by using appropriate cost indices.

Had no revaluation taken place the comparative historical cost position of total assets as at 31 December, 2001 would have been as follows :

	Carrying Amount £	Historical Cost £
Cost	20,331,575	18,592,854
Depreciation	(9,477,681)	(9,707,873)
Net book amount	<u>10,853,894</u>	<u>8,884,981</u>

Included in tangible assets above :

- (a) land which is not depreciated of £3,038,219 at 31 December 2001 (2000 : £3,070,888).
- (b) freehold land, buildings and other assets which are in territories occupied by Turkish forces following the invasion of Cyprus in July, 1974.

The ultimate effect of occupation on the value of these assets is unknown.

	Cost £	Depreciation £	Net £
At 31 December 2001	<u>274,064</u>	<u>268,823</u>	<u>5,241</u>
At 31 December 2000	<u>277,011</u>	<u>271,691</u>	<u>5,320</u>

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

8. Fixed assets - investments

	Subsidiary Undertaking Shares £	Investment in Joint Venture £	Total £
Cost and net book value			
At 1 January 2001	384,258	5,228,715	5,612,973
Exchange adjustments	(4,088)	(55,625)	(59,713)
Dissolution of the Joint Venture	-	(5,173,090)	(5,173,090)
At 31 December 2001	<u>380,170</u>	<u>-</u>	<u>380,170</u>

Details of the investment in the subsidiary undertaking, which is unlisted, are as follows :

	No of Founders Shares	No of CY£1 Ordinary Shares	% of Ordinary Shares	Country of Incorporation	Principle Activities
Superlube Ltd	510	356,850	65	Cyprus	Blending of lubricating oils

Details of the investment in the joint venture are as follows :

	Participation % in Capital	Country of Incorporation	Principle Activities
S.D.S. Oils J.V. (Partnership)	70%	Cyprus	Purchase, supply and distribution of fuels and provision of administrative services to the joint venturers

The amount of the investment in the joint venture represents the participation of the company in financing the Partnership's stocks. As stated in note 20, BP Cyprus Ltd and Mobil Oil Cyprus Ltd agreed that S.D.S. Oils J.V. ceases to operate as from 1 October 2001. On that date, 70% of the stocks of the Partnership were bought by BP Cyprus Ltd and 30% of the stocks of the Partnership were bought by Mobil Oil Cyprus Ltd.

In the opinion of the directors, the value of shares in the company's subsidiary (2000 : and the investment in joint venture) are not less than the amounts at which they are shown in the balance sheet.

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BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

9. Stocks

	2001 £	2000 £
Petroleum	5,993,929	2,600,089
Stores	12,001	16,555
	<u>6,005,930</u>	<u>2,616,644</u>

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

10. Debtors

	2001 £	2000 £
Trade	7,642,231	6,045,453
Joint venture current account	116,360	-
Prepayments and accrued income	341,405	191,303
Other amounts due from Mobil Oil Cyprus Ltd	-	626,882
Overseas taxation on profits	-	231,973
Other	616,913	2,299,035
	<u>8,716,909</u>	<u>9,394,646</u>

11. Finance debt

	2001 £	2000 £
Bank loans and overdrafts	10,237	2,256,156
Other loans	2,479,931	2,262,016
	<u>2,490,168</u>	<u>4,518,172</u>

The above bank loans and overdrafts and other loans are repayable within one year.

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

12. Creditors : amounts falling due within one year

	2001 £	2000 £
Trade	6,022,273	417,072
Subsidiary undertaking	236,273	490,932
Parent and fellow subsidiary undertakings	6,410,019	6,355,527
Joint venture trading account	-	6,215,874
Accruals and deferred income	1,030,897	297,753
Other amounts due to Mobil Oil Cyprus Ltd (note 20)	-	3,109,213
Overseas taxation on profits	84,856	-
Other	2,394,698	628,840
	<u>16,179,016</u>	<u>17,515,211</u>

13. Operating lease commitments

At 31 December the company had annual commitments under non-cancellable operating leases for land and buildings as set out below :

	2001 £	2000 £
Expiring:		
Within 1 year	100,198	55,652
Between 2 to 5 years	187,587	139,106
Thereafter	532,047	445,540
	<u>819,832</u>	<u>640,298</u>

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

14. Called up share capital

	2001 £	2000 £
Authorised, allotted, called up and fully paid: 443,345 ordinary Shares of £10 each	<u>4,433,450</u>	<u>4,433,450</u>

15. Reconciliation of shareholders' funds and movements on reserves

	Equity Share Capital £	Revaluation Reserve £	Other Reserves £	Profit and Loss Account £	Total £
At 1 January 2000	4,433,450	219,420	931,444	4,659,465	10,243,779
Profit for the year	-	-	-	3,364,254	3,364,254
Currency translation differences	-	-	-	(73,976)	(73,976)
Distribution to shareholders	-	-	-	-	-
At 1 January 2001	4,433,450	219,420	931,444	7,949,743	13,534,057
Profit for the year	-	-	-	2,874,589	2,874,589
Currency translation differences	-	-	-	29,382	29,382
Distribution to shareholders	-	-	-	(3,195,000)	(3,195,000)
At 31 December 2001	<u>4,433,450</u>	<u>219,420</u>	<u>931,444</u>	<u>7,658,714</u>	<u>13,243,028</u>

Other Reserves include Special Reserve of £490,259 (2000: £490,259) and General Reserve of £441,185 (2000: £441,185).

The company's distributable reserves as at 31 December, 2001 amount to £8,590,158 (2000: £8,881,187).

16. Capital commitments

The authorized and not contracted for future capital expenditure is estimated at £1,646,809 (2000: £1,221,505)

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

17. Contingent liabilities

There are several claims made against the company for which legal action has been taken but the company does not expect to incur any substantial loss.

In addition, the company was contingently liable in respect of guarantees provided to third party of £454,255 (2000: £266,674).

18. Pensions and other retirement benefits

The company contributes to staff schemes in respect of its operations in Cyprus, which are of an overall defined benefit type. The charge to the profit and loss account for the year is £69,666 (2000: £60,528).

"BP Cyprus Non Contributory Pension Fund" is the main retirement benefit scheme the company operates and provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with financial institutions. The most recent actuarial valuation carried out by an independent qualified actuary was as at 1 January 2000.

The valuation was carried out on an ongoing valuation basis using the following main assumptions:

	% p.a.
Price inflation	3
Salary increases relative to price inflation	2 ½
Investment return relative to price inflation	4
Increases to pensions in payments	Nil

The valuation showed that the market value of the scheme's assets was £15,747,872, the actuarial value of the promised retirement benefits was £5,980,851 and the funding level 263%. The resulting surplus of £9,767,021 was caused by the exceptional performance of the underlying portfolio investments of the scheme in the Cyprus Stock Exchange during 1999. In line with the actuary's recommendation, the company, with the agreement of the trustees of the scheme, decided to sustain in 2000 and 2001 the contribution holiday taken in 1999, which will be reviewed with the next actuarial valuation. According to the rules of the scheme, the next actuarial valuation is due by 1 January 2005. However, in view of the substantial decline of the Cyprus Stock Exchange in 2000 and 2001 and in line with the actuary's recommendation, the company decided to commission an interim valuation as at 1 January 2002.

BP CYPRUS LIMITED

NOTES TO THE ACCOUNTS

18. Pensions and other retirement benefits (continued)

The market value of assets in the scheme at 31 December 2001 were as follows:

	£
Property	872,660
Equities	3,921,930
Debentures	1,556,378
Bank accounts	2,722,096
Other	121,445
	<hr/> 9,194,509

The following amounts were measured in accordance with the requirements of FRS 17 :

	£
Total market value of assets	9,194,509
Present value of scheme liabilities	6,033,154
	<hr/>
Surplus in the scheme	3,161,355
Related deferred tax liability	(885,179)
	<hr/>
Net pension asset	2,276,176

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss account reserve at 31 December 2001 would be as follows:

Net assets excluding pension asset	13,243,028
Pension asset	2,276,176
	<hr/>
Net assets including pension asset	15,519,204
	<hr/>
Profit and loss account reserve excluding pension asset	7,658,714
Pension reserve	2,276,176
	<hr/>
Profit and loss account reserve	9,934,890

19. Related party transactions

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

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20. Agreement between BP Cyprus Ltd and Mobil Oil Cyprus Ltd

As a result of the Mobil and Exxon Corporation merger, Mobil gave an undertaking to the European Commission to reach an agreement with BP p.l.c. for the sale of Mobil's interests in the fuels elements of the various joint ventures and partnerships in Europe or the dissolution of such joint ventures and partnerships.

In the context of the above, BP Cyprus Ltd and Mobil Oil Cyprus Ltd agreed that on 1 October 2001 S.D.S. Oils J.V. be dissolved and BP Cyprus Ltd purchase certain of the assets of Mobil Oil Cyprus Ltd, including 22 service stations and the whole LPG Business with economic effect from 1 January 2000.

In accordance with the agreements signed between the two parties, BP Cyprus Ltd paid Mobil Oil Cyprus Ltd for the purchase of fixed assets (£3,109,213) and Mobil Oil Cyprus Ltd paid BP Cyprus Ltd for the net cash flows for the period from 1 January 2000 up to 30 September 2001 (£654,696).

21. Post balance sheet events

As a condition to the acquisition by BP Cyprus Limited of the 22 service stations and the whole LPG business from Mobil Oil Cyprus Limited, the Council of Ministers of the Republic of Cyprus directed BP Cyprus Ltd and ExxonMobil Cyprus Inc. to sell 15 service stations to a new entrant in the local market. The two companies decided to sell sixteen stations, eight stations each.

Following the invitation, submission and evaluation of tenders the companies decided to sell the sixteen stations to Lukoil Cyprus Limited for the amount of CY£7,250,000 (£7,712,800).

The completion of the transaction took place on 1st July, 2002, and BP Cyprus' share of the purchase consideration was 51.6%.

22. Ultimate parent undertaking

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. (formerly BP Amoco p.l.c.), a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from Britannic House, 1 Finsbury Circus, London EC2M 7BA.