

COMPANY NUMBER: 454043

ANNUAL REPORT AND ACCOUNTS

BP CYPRUS LIMITED

DECEMBER 31, 2000



BP Cyprus Limited

ANNUAL REPORT AND ACCOUNTS 2000

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BP Cyprus Limited

REPORT OF THE DIRECTORS 2000

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, 2000.

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 Cyprus Oil 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.

RESULTS AND DIVIDENDS

The profit for the year after taxation of STG£3.364.254, when added to retained profit brought forward at 1 January 2000 of STG£4.659.465, (together with exchange adjustments taken directly to reserves of STG£73.976), gives a total retained profit carried forward at 31 December 2000 of STG£7.949.743. During 2001 the company paid a dividend of STG£3.195.000.

DIRECTORS

G Petrou, R T Pillari and P A Short served as directors throughout the financial year. Changes since 1 January 2000 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 2000, 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 2000</u>	<u>1 January 2000</u>
G Petrou	Nil	Nil
R T Pillari	62,040	62,040
P A Short	23,909	24,566

In addition, rights to subscribe for Ordinary shares in BP p.l.c. (formerly BP Amoco p.l.c.), were granted to, or exercised by, the directors between 1 January 2000 and 31 December 2000, as follows:-

	<u>Granted</u>	<u>Exercised</u>
G Petrou	3,000	Nil
R T Pillari	Nil	Nil
P A Short	677	Nil

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2000.

BP Cyprus Limited

REPORT OF THE DIRECTORS 2000

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

On 28 June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP will be re-appointed 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

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

29 January 2002

**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 2000, which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 21. These accounts have been prepared on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 3, 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 2000 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

East & Young LLP

Registered Auditor
London

29 January 2002

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention modified to include the revaluation of tangible fixed assets and in accordance with applicable UK accounting standards.

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

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 company is a wholly-owned subsidiary undertaking of its ultimate parent undertaking, BP p.l.c. (formerly BP Amoco p.l.c.), a company registered in England and Wales, in whose consolidated accounts the results of all subsidiary and associated undertakings are presented.

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

LEASES

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. 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.

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.

BP Cyprus Limited**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000
(in Sterling Pounds)**

	Note	2000 STG£	1999 STG£
TURNOVER	1	100.766.713	61.518.038
Cost of sales		89.778.338	49.069.030
GROSS PROFIT		10.988.375	12.449.008
Marketing and distribution expenses		6.619.861	6.395.236
Other income	3	4.368.514 694.729	6.053.772 115.351
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX	2	5.063.243	6.169.123
Interest payable and similar charges	4	479.338	208.711
PROFIT BEFORE TAXATION		4.583.905	5.960.412
Taxation	5	1.219.651	1.712.434
PROFIT FOR THE YEAR		3.364.254	4.247.978
Interim dividend paid		-	1.488.142
RETAINED PROFIT FOR THE YEAR		3.364.254	2.759.836

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December, 2000**

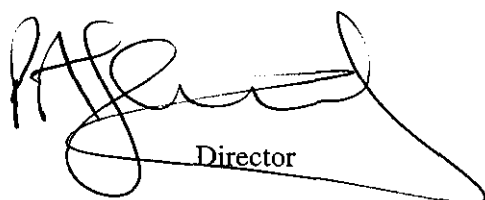
	2000 STG£	1999 STG£
Profit for the year	3.364.254	4.247.978
Currency translation differences	(73.976)	(908.658)
Total recognised gains and losses for the year	3.290.278	3.339.320

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 2000 (in Sterling Pounds)

	Note	2000 STG£	1999 STG£
FIXED ASSETS			
Tangible assets	7	9.997.613	6.469.224
Investments	8	5.612.973	4.843.770
		<u>15.610.586</u>	<u>11.312.994</u>
CURRENT ASSETS			
Stocks	9	2.616.644	1.502.088
Debtors	10	9.394.646	6.303.801
Cash at bank and in hand		8.205.758	1.810.592
		<u>20.217.048</u>	<u>9.616.481</u>
Creditors - amounts falling due within one year			
Finance debt	11	4.518.172	2.261.338
Other creditors	12	17.515.211	8.086.968
		<u>(1.816.335)</u>	<u>(731.825)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		13.794.251	10.581.169
Deferred tax liability	5	(260.194)	(337.390)
SHAREHOLDERS' INTEREST		<u>13.534.057</u>	<u>10.243.779</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	7.949.743	4.659.465
SHAREHOLDERS' FUNDS - EQUITY INTERESTS		<u>13.534.057</u>	<u>10.243.779</u>


Director

29 January 2002

BP Cyprus Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2000 (in Sterling Pounds)

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.

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

2 PROFIT ON ORDINARY ACTIVITIES

This is stated after charging :

	2000 STG£	1999 STG£
Operating lease rentals :		
Land and buildings	511.295	514.611
Plant and machinery	638	455
Depreciation of owned fixed assets	684.418	767.540
Auditors' remuneration :		
Audit fees	14.894	15.909
Fees for other services	-	2.841
	<u> </u>	<u> </u>

3. OTHER INCOME

	2000 STG£	1999 STG£
Income from parent and fellow subsidiary undertakings	45.272	27.049
Bank interest	29.244	88.302
Income from Mobil Oil Cyprus Ltd (note 20)	620.213	-
	<u> </u>	<u> </u>
	694.729	115.351
	<u> </u>	<u> </u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 STG£	1999 STG£
Non-group bank loans and overdrafts	324.920	96.664
Other loans	138.285	108.764
Other interest	16.133	3.283
	<u> </u>	<u> </u>
	479.338	208.711
	<u> </u>	<u> </u>

BP Cyprus Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2000 (in Sterling Pounds)

5. TAXATION

	2000 STG£	1999 STG£
United Kingdom corporation tax:		
Current at 30 % (1999: 30,25%)	1,382,469	680.867
Overseas tax relief	(1,382,469)	(680.867)
	<u>-</u>	<u>-</u>
Overseas Tax		
Current year	1.292.299	680.867
Prior year adjustments	138	1.567
Deferred taxation	(72,786)	1.030.000
	<u>1.219.651</u>	<u>1.712.434</u>

United Kingdom Tax

The company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act, 1988. The corporation tax liability for the year has been partially covered by double tax relief and owing to the availability of group relief, no provision has been made in the accounts of this company for the balance of the liability.

The group's current corporation tax liability has been provided in the accounts of BP International Limited, a fellow subsidiary undertaking.

Provision for deferred taxation has been made in the accounts of BP International Limited, a fellow subsidiary undertaking having regard to the group deferred tax position.

The gross potential liability of this company for UK deferred taxation at 31 December, 2000 of STG£61.003 (1999 STG£NIL) comprises tax at 30% (1999 : 30%) on timing differences principally between the accounting and tax treatment of :

	2000 STG£	1999 STG£
Accelerated capital allowances	310568	-
Other timing differences	-249565	-
	<u>61003</u>	<u>-</u>

If provision for UK deferred taxation had been made in the accounts on the basis of the gross potential liability there would have been a charge for the year of STG£61.003.

(1999 credit STG£205.036).

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2000
(in Sterling Pounds)

5. TAXATION (Cont.)**United Kingdom Tax (Cont.)**

If provision for UK deferred taxation had been made in the accounts on the basis of the gross potential liability there would have been a credit for the year of STG£61003 (1999 credit STG£205.036).

Overseas tax

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

	2000 STG£	1999 STG£
At 1 January	337.390	(718.073)
Exchange adjustments	(3.627)	25.463
Capital allowances less depreciation	10.153	8.409
Price Negotiations Balance Sheet adjustment (PNBS)	(83.722)	1.021.591
Balance at 31 December	<u>260.194</u>	<u>337.390</u>

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

6. DIRECTORS AND EMPLOYEES

	2000 STG£	1999 STG£
(a) Employee costs:		
Wages and salaries	1.635.505	1.664.673
Social insurance costs	164.386	182.932
Pensions and other retirement benefit costs :		
- to local employees	59.341	59.433
- to employees seconded overseas	1.187	-
Other benefits and contributions	22.591	44.495
	<u>1.883.010</u>	<u>1.951.533</u>
	2000	1999
(b) Average number of employees during the year (all non-UK):		
Marketing and distribution	<u>54</u>	<u>55</u>
	2000	1999
	STG£	STG£
(c) Remuneration of directors (included in (a) above) :		
Total paid in respect of one director with an overseas service contract	<u>86.877</u>	<u>76.918</u>
The remaining directors received no remuneration for services to this company.		

BP Cyprus Limited**NOTES TO THE FINANCIAL STATEMENTS****at 31 December 2000****(in Sterling Pounds)****7. TANGIBLE ASSETS**

	Freehold Land & Buildings	Buildings on Leasehold Land	Fixtures & Fittings	Plant & Machinery	Total	of which: Assets under construction
	STG£	STG£	STG£	STG£	STG£	STG£
Cost or valuation						
At 1 January, 2000	2,511,358	2,339,504	181,540	9,764,968	14,797,370	278,941
Exchange adjustments	(27,004)	(25,156)	(1,952)	(104,999)	(159,111)	(2,999)
Additions	-	7,919	2,151	1,178,480	1,188,550	327,549
Purchase from Mobil Oil Cyprus Ltd (note 20)	1,272,927	411,555	-	1,424,731	3,109,213	3,109,213
Disposals	-	-	-	(20,870)	(20,870)	-
Write-offs	-	-	(33,880)	(43,572)	(77,452)	-
Transfers	-	-	-	-	-	(265,251)
At 31 December 2000	3,757,281	2,733,822	147,859	12,198,738	18,837,700	3,447,453
Depreciation						
At 1 January 2000	294,048	1,911,593	160,875	5,961,630	8,328,146	-
Exchange adjustments	(2,903)	(19,862)	(1,648)	(57,778)	(82,191)	-
Charge for the year	24,131	64,413	7,582	588,293	684,419	-
Disposals	-	-	-	(12,835)	(12,835)	-
Write-offs	-	-	(33,880)	(43,572)	(77,452)	-
At 31 December 2000	315,276	1,956,144	132,929	6,435,738	8,840,087	-
Net book amount						
At 31 December 2000	3,442,005	777,678	14,930	5,763,000	9,997,613	3,447,453
At 31 December 1999	2,217,310	427,911	20,665	3,803,338	6,469,224	278,941
Principal rates of depreciation:	5%	2½ % - 10%	15%	5%-20%		

A 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.

BP Cyprus Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2000

(in Sterling Pounds)

7. TANGIBLE ASSETS (Cont.)

Had no revaluation taken place the comparative historical cost position of total assets as at 31 December, 2000 would have been as follows :

	Cost or Valuation STG£	Historical Cost STG£
Cost	21.072.143	19.237.557
Depreciation	(8.840.087)	(9.092.342)
Net book amount	<u>12.232.056</u>	<u>10.145.215</u>

Included in tangible assets above :

- (a) land which is not depreciated of STG£1.888.092 at 31 December 2000 (1999 : STG£1.908.615)
- (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 STG£	Depreciation STG£	Net STG£
At 31 December 2000	<u>277.011</u>	<u>271.691</u>	<u>5.320</u>
At 31 December 1999	<u>280.022</u>	<u>274.638</u>	<u>5.384</u>

8. FIXED ASSETS - INVESTMENTS

	Shares in Subsidiary Undertaking STG£	Investment in Joint Venture STG£	Total STG£
Cost			
At 1 January 2000	388.435	4.455.335	4.843.770
Exchange adjustments	(4.177)	(47.907)	(52.084)
Movement for year	-	821.287	821.287
At 31 December 2000	<u>384.258</u>	<u>5.228.715</u>	<u>5.612.973</u>

BP Cyprus Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2000

(in Sterling Pounds)

8. FIXED ASSETS - INVESTMENTS (Cont.)

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

	No. of Founders Shares	No. of STG£1 Ordinary Shares	% of Ordinary Shares	Country of Incorporation	Principal 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	Principal 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 Limited and Mobil Oil Cyprus Ltd agreed to dissolve S.D.S. Oils J.V. on 1 October 2001.

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

9. STOCKS

	2000 STG£	1999 STG£
Petroleum	2.600.089	1.478.887
Stores	16.555	23.201
	<u>2.616.644</u>	<u>1.502.088</u>

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

BP Cyprus Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2000 (in Sterling Pounds)

10. DEBTORS

	2000 STG£	1999 STG£
Trade	6,045,453	3,600,760
Subsidiary undertaking	-	147,809
Prepayments and accrued income	191,303	140,845
Other amounts due from Mobil Oil Cyprus Ltd (note 20)	626,882	-
Overseas taxation on profits	231,973	-
Other	2,299,035	2,414,387
	<u>9,394,646</u>	<u>6,303,801</u>

11. FINANCE DEBT

	2000 STG£	1999 STG£
Bank loans and overdrafts	2,256,156	288,027
Other loans	2,262,016	1,973,311
	<u>4,518,172</u>	<u>2,261,338</u>

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

12. OTHER CREDITORS

	2000 STG£	1999 STG£
Subsidiary undertaking	490,932	-
Parent and fellow subsidiary undertakings	6,355,527	519,507
Joint venture trading account	6,215,874	6,242,446
Overseas taxation on profits	-	93,816
Accruals and deferred income	297,753	86,453
Other amounts due to Mobil Oil Cyprus Ltd (note 20)	3,109,213	-
Other	1,045,912	1,144,746
	<u>17,515,211</u>	<u>8,086,968</u>

BP Cyprus Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2000

(in Sterling Pounds)

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 :

	2000 STG£	1999 STG£
Expiring :		
Within 1 year	55.652	22.011
Between 2 to 5 years	139.106	186.559
Thereafter	445.540	386.493
	<u>640.298</u>	<u>595.063</u>

14. CALLED UP SHARE CAPITAL

	2000 STG£	1999 STG£
Authorised, allotted, called up and fully paid :		
443.345 Ordinary Shares of STG£10 each	<u>4.433.450</u>	<u>4.433.450</u>

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital STG£	Revaluation Reserve STG£	Other Reserves STG£	Profit and Loss Account STG£	Total STG£
At 1 January 1999	4.433.450	219.420	931.444	2.808.287	8.392.601
Profit for the year	-	-	-	4.247.978	4.247.978
Currency translation differences	-	-	-	(908.658)	(908.658)
Dividend paid	-	-	-	(1.488.142)	(1.488.142)
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)
Dividend paid	-	-	-	-	-
At 31 December 2000	<u>4.433.450</u>	<u>219.420</u>	<u>931.444</u>	<u>7.949.743</u>	<u>13.534.057</u>

Other Reserves include Special Reserve of STG£490.259 (1999 : STG£490.259) and General Reserve of STG£441.185 (1999 : STG£441.185).

The company's distributable reserves as at 31 December, 2000 amount to STG£8.881.187 (1999 : STG£5.590.909).

BP Cyprus Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2000

(in Sterling Pounds)

16. CAPITAL COMMITMENTS

At 31 December the authorised future capital expenditure was estimated at:

	2000 STG£	1999 STG£
Contracted for	-	-
Not contracted for	1.221.505	1.141.300

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 by third party of STG£266.674 (1999 : STG£179.350).

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 STG£60.528 (1999 : STG£59.433).

"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

The valuation showed that the market value of the scheme's assets was STG£15.747.872, the actuarial value of the promised retirement benefits was STG£5.980.851 and the funding level 263%. The resulting surplus of STG£9.767.021 was caused by the satisfactory 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 in line with the actuary's recommendation, the company decided to commission an interim valuation as at 1 January, 2002.

As at 31 December, 2000, the market value of scheme's assets was STG£9.868.085.

BP Cyprus Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2000

(in Sterling Pounds)

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained within FRS 8, and has not disclosed transactions with group companies. There were no other related party transactions in the year.

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. (formerly BP Amoco 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. was dissolved and BP Cyprus Ltd purchased 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 would pay Mobil Oil Cyprus Ltd for the purchase of fixed assets (STG£3.109.213) and Mobil Oil Cyprus Ltd would pay BP Cyprus Ltd for the net cash flows for the period from 1 January 2000 up to 30 September 2001 (2000 : STG£626.882).

21. 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.