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ARCO BRITISH LIMITED, LLC**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2012

		2012	2011
	Note	\$000	\$000
Turnover		490,870	546,422
Cost of sales		(356,919)	(310,159)
Gross profit		133,951	236,263
Exploration expense		-	(1,050)
Distribution and marketing expenses		(58)	(99)
Administration expenses		(3,397)	(13,209)
Operating profit	1	130,496	221,905
Profit on disposal of fixed assets	2	80,752	56,349
Amounts provided against fixed assets	2	7,980	(1,514)
Profit on ordinary activities before interest and tax		219,228	276,740
Interest payable and similar charges	3	7,888	(2,530)
Interest receivable and similar income	4	2,347	1,804
Profit before taxation		229,463	276,014
Taxation		(153,409)	(213,197)
Profit for the year		76,054	62,817

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012

There are no unrecognised gains or losses attributable to shareholders of the company other than the profit of \$76 0 million for the year ended 31 December 2012 (2011 \$62 8 million)

THURSDAY



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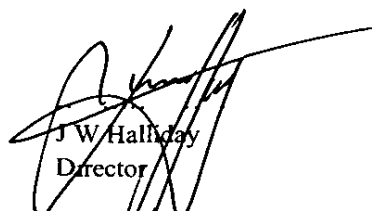
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ARCO BRITISH LIMITED, LLC

Registered Number: FC005677

BALANCE SHEET AS AT 31 DECEMBER 2012

	Note	2012 \$000	2011 \$000
Fixed assets			
Intangible assets	5	49,366	48,769
Tangible assets	6	1,064,609	1,088,578
		<u>1,113,975</u>	<u>1,137,347</u>
Current assets			
Stocks	7	1,988	7,313
Debtors amounts falling due within one year	8	103,412	419,564
Debtors amounts falling due after more than one year	8	728,851	388,893
Cash at bank and in hand		-	-
		<u>834,251</u>	<u>815,770</u>
Creditors: amounts falling due within one year	9	(243,682)	(302,822)
Net current assets		<u>590,569</u>	<u>512,948</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,704,544</u>	<u>1,650,295</u>
Provisions for liabilities and charges			
Deferred tax		(543,795)	(475,125)
Other provisions	10	<u>(232,760)</u>	<u>(323,235)</u>
NET ASSETS		<u><u>927,989</u></u>	<u><u>851,935</u></u>
Represented by			
Capital and reserves			
Called up share capital	11	177,829	177,829
Profit and loss account	11	640,340	564,286
Other reserves	11	<u>109,820</u>	<u>109,820</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u><u>927,989</u></u>	<u><u>851,935</u></u>


 J W Halliday
 Director
 Dated 01-June-13

ARCO BRITISH LIMITED, LLC

NOTES TO THE ACCOUNTS

1. Operating profit

This is stated after charging

	2012	2011
	\$000	\$000
Exchange loss charged to the profit and loss account	(16,958)	51
Expenditure on research	1,796	265
Depreciation of owned fixed assets	110,483	84,170

2. Exceptional items

	2012	2011
	\$000	\$000
Profit on disposal of fixed assets	80,752	56,349
Impairment	7,980	(1,514)
Taxation charge	(44,366)	(27,418)
Total	44,366	27,417

The profit on disposals of fixed assets relates to the disposal of Alba and Britannia to Mitsui & Co Ltd and Southern Gas fields to Perenco UK Limited

The 2012 impairment relates to the reversal of previous years impairments as a result of a change in the decommissioning estimate changing in the South Valiant and Vulcan fields

3. Interest payable and similar charges

	2012	2011
	\$000	\$000
Interest expense on		
Bank loans and overdrafts	-	1
PRT interest	-	4,134
Loans from fellow subsidiary undertakings	79	407
Other interest	157	117
	236	4,659
Capitalised interest at 2.25% (2011: 1.45%)	(9,488)	(6,000)
Unwinding of discount on provisions	1,364	3,871
Total charged against profit	(7,888)	2,530

The original cost of the capitalised interest is borne by another group company

4. Interest receivable

	2012	2011
	\$000	\$000
Interest income from fellow subsidiary undertakings	2,215	1,653
Other interest	43	151
PRT Interest	89	-
	2,347	1,804

ARCO BRITISH LIMITED, LLC

NOTES TO THE ACCOUNTS

5. Intangible assets

	Exploration expenditure
Cost	\$000
At 1 January 2012	48,769
Additions	597
Deletions	-
Transfers	-
At 31 December 2012	<u>49,366</u>
Amortisation	
At 1 January 2012 and 31 December 2012	<u>-</u>
Net book value	
At 31 December 2012	<u>49,366</u>
At 31 December 2011	<u>48,769</u>

6 Tangible assets

	Oil & gas properties	Of which AUC*
Cost	\$000	\$000
At 1 January 2012	3,743,142	454,836
Additions	368,043	241,362
Deletions	(1,906,743)	-
Transfers	-	(26,062)
At 31 December 2012	<u>2,204,442</u>	<u>670,136</u>
Depreciation		
At 1 January 2012	2,654,564	-
Charge for the year	110,483	-
Deletions	(1,617,234)	-
Impairment	(7,980)	-
At 31 December 2012	<u>1,139,833</u>	<u>-</u>
Net book value		
At 31 December 2012	<u>1,064,609</u>	<u>670,136</u>
At 31 December 2011	<u>1,088,578</u>	<u>454,836</u>

*AUC = assets under construction Assets under construction are not depreciated

Capitalised interest included above

	Cost	Depreciation	Net book value
	\$000	\$000	\$000
At 31 December 2012	<u>104,865</u>	<u>73,493</u>	<u>31,372</u>
At 31 December 2011	<u>212,399</u>	<u>187,141</u>	<u>25,258</u>

ARCO BRITISH LIMITED, LLC**NOTES TO THE ACCOUNTS****7 Stocks**

	<u>2012</u>	<u>2011</u>
	\$000	\$000
Raw materials and consumables	<u>1,988</u>	<u>7,313</u>

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

8. Debtors

	2012	2012	2011	2011
	Within	After	Within	After
	1 year	1 year	1 year	1 year
	\$000	\$000	\$000	\$000
Trade debtors	31,870	-	157,533	-
Parent and fellow subsidiary undertakings	37,503	678,530	229,147	342,830
Prepayments and accrued income	2,448	27,823	3,846	18,732
Petroleum revenue tax	2,006	22,103	6,515	26,076
Other debtors	29,585	395	22,523	1,255
	<u>103,412</u>	<u>728,851</u>	<u>419,564</u>	<u>388,893</u>

9. Creditors

	2012	2011
	Within	Within
	1 year	1 year
	\$000	\$000
Trade creditors	34,156	40,576
Parent and fellow subsidiary	44,711	31,267
Petroleum revenue tax	22,890	79,257
Corporation tax	24,835	29,287
Accruals and deferred income	113,659	80,047
Other creditors	3,262	42,220
Bank overdraft	169	168
	<u>243,682</u>	<u>302,822</u>

ARCO BRITISH LIMITED, LLC

NOTES TO THE ACCOUNTS

10. Provisions for liabilities and charges

	Decom- missioning	Deferred PRT	Other	Total
	\$000	\$000	\$000	\$000
At 1 January 2012	301,263	20,008	1,964	323,235
Exchange adjustments	13,914	-	-	13,914
Unwinding of discount	1,364	-	-	1,364
New or increased provision	91,938	-	2,743	94,681
Utilised during the year	(1,107)	-	-	(1,107)
Deletions	(182,425)	-	-	(182,425)
Credit for the year	-	(16,902)	-	(16,902)
At 31 December 2012	<u>224,947</u>	<u>3,106</u>	<u>4,707</u>	<u>232,760</u>
At 31 December 2012				
Current	492			492
Non-current	<u>224,455</u>	<u>3,106</u>	<u>4,707</u>	<u>232,268</u>
	<u>224,947</u>	<u>3,106</u>	<u>4,707</u>	<u>232,760</u>

The group makes full provision for the future cost of decommissioning oil and natural gas production facilities and related pipelines on a discounted basis on the installation of those facilities. At 31 December 2012 the provision for the costs of decommissioning these production facilities and pipelines at the end of their economic lives was \$225m (2011 \$301m). The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 0.50% (2011 0.50%). These costs are expected to be incurred over the next 23 years. While the provision is based on the best estimate of future costs and the economic lives of the facilities and pipelines, there is uncertainty regarding both the amount and timing of incurring these costs.

11. Capital and Reserves

	Equity share capital	Profit & loss account	Other reserves	Total
	\$000	\$000	\$000	\$000
At 1 January 2012	177,829	564,286	109,820	851,935
Profit for the year	-	76,054	-	76,054
At 31 December 2012	<u>177,829</u>	<u>640,340</u>	<u>109,820</u>	<u>927,989</u>