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~~TOM~~**ARCO BRITISH LIMITED, LLC**

(Registered No FC005677)

**BALANCE SHEET AT 31 DECEMBER 2015**

	Note	2015 \$000	2014 \$000
<b>Fixed assets</b>			
Intangible assets	6	8,188	8,626
Tangible assets	7	244,868	175,830
		<u>253,056</u>	<u>184,456</u>
<b>Current assets</b>			
Stocks	8	3,505	2,261
Debtors amounts falling due within one year	9	35,007	32,137
Debtors amounts falling due after more than one year	9	1,105,991	1,044,911
Deferred tax		7,092	30,466
		<u>1,151,595</u>	<u>1,109,775</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(486,823)</u>	<u>(183,183)</u>
<b>Net current assets</b>		<u>664,772</u>	<u>926,592</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		917,828	1,111,048
<b>Provisions for liabilities and charges</b>			
Other provisions	11	<u>(125,347)</u>	<u>(175,937)</u>
<b>NET ASSETS</b>		<u>792,481</u>	<u>935,111</u>
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Additional paid-in capital	13	177,829	177,829
Profit and loss account	13	504,832	647,462
Other reserves		109,820	109,820
<b>TOTAL EQUITY</b>		<u>792,481</u>	<u>935,111</u>

The financial statements of ARCO British Limited, LLC, were approved for issue by its sole member, BP Exploration Operating Company Limited, on 7 July 2016 (where the company is member managed) and were signed by a director of BP Exploration Operating Company Limited on behalf of the Board as the sole member of ARCO British Limited, LLC.

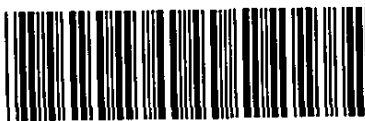


Peter Mather  
Director of BP Exploration Operating Company Limited  
Dated

7/7/16

COMPANIES HOUSE

THURSDAY



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COMPANIES HOUSE

**ARCO BRITISH LIMITED, LLC**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$000	2014 \$000
Turnover		125,133	93,002
Cost of sales		(81,166)	(106,150)
<b>Gross profit / (loss)</b>		<b>43,967</b>	<b>(13,148)</b>
Exploration expenses		-	1,993
Distribution and marketing expenses		(9)	(8)
Administrative expenses		(1,293)	(1,063)
(Loss) / profit on disposal of fixed assets		(728)	1,005
Amounts provided against fixed assets	5	-	(268,454)
Reversal of amounts provided against fixed assets	5	69,493	7,911
<b>Operating profit / (loss)</b>	<b>2</b>	<b>111,430</b>	<b>(271,764)</b>
Interest receivable and similar income	3	1,551	441
Interest payable and similar charges	4	(2,015)	12,527
<b>Profit / (loss) before taxation</b>		<b>110,966</b>	<b>(258,796)</b>
Taxation		(253,596)	732,246
<b>(Loss) / Profit for the year</b>		<b>(142,630)</b>	<b>473,450</b>

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

There is no comprehensive income attributable to the shareholders of the company other than the profit for the year

**ARCO BRITISH LIMITED, LLC**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Called up share capital (note 12) \$000</b>	<b>Additional paid-in capital (note 13) \$000</b>	<b>Profit and loss account (note 13) \$000</b>	<b>Other reserves \$000</b>	<b>Total \$000</b>
<b>Balance at 1 January 2015</b>	-	177,829	647,462	109,820	935,111
<b>Loss for the year</b>	-	-	(142,630)	-	(142,630)
<b>Balance at 31 December 2015</b>	-	177,829	504,832	109,820	792,481

**ARCO BRITISH LIMITED, LLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1 Principle activities**

The company's principal activities during the year continued to be the exploration for and production of oil and gas from interests in the UK

**2 Operating profit / (loss)**

This is stated after charging / (crediting)

	2015	2014
	\$000	\$000
Hire charges under operating leases		
Plant & machinery	22	4,477
Net foreign exchange gains	(7,916)	(1,594)
Research and development	83	3,408
Amortisation of intangible fixed assets	-	(480)
Depreciation of tangible fixed assets - Note 7	25 248	10,092
Impairment of tangible fixed assets - Note 7	-	268,454
Reversal of past impairment losses - Note 7	(69 493)	(7 911)
(Loss) / profit on disposal of fixed assets	(728)	1,005

**3 Interest receivable and similar income**

	2015	2014
	\$000	\$000
Interest income from group undertakings	1,504	405
PRT interest	46	1
Other interest	1	35
	1,551	441

**4 Interest payable and similar charges**

	2015	2014
	\$000	\$000
Interest expense on		
Loans from group undertakings	906	438
Other	35	30
	941	468
Capitalised at 1.75% (2014: 1.75%)	-	(15,015)
	941	(14,547)
Unwinding of discount on provisions	1,074	2 020
	2,015	(12,527)

**5 (Reversal) / amounts provided against fixed assets**

	2015	2014
	\$000	\$000
Reversal provided against fixed assets	(69,493)	(7,911)
Amounts provided against fixed assets	-	268 454
	(69,493)	260,543

The total amount of reversal provided against fixed assets is \$(69,580) in 2015 out of it Shearwater field is \$(50,824), V-fields is \$(9,449) Arundel is \$(5,836) and ETAP is \$(3,385). There has been also a minor amount provided against fixed asset on Arundel Discovery Area \$87.

The reversals mainly arose as a result of decreases in cost estimates and a reduction in the discount rate applied, offsetting the impact of lower prices in the near term.

**ARCO BRITISH LIMITED, LLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**6 Intangible assets**

	Exploration expenditure
	<u>\$000</u>
<b>Cost</b>	
At 1 January 2015	9,106
Changes in decommissioning provision	(431)
Deletion	(7)
At 31 December 2015	<u>8,668</u>
<b>Amortisation</b>	
At 1 January 2015 and 31 December 2015	<u>480</u>
<b>Net book value</b>	
At 31 December 2015	<u>8,188</u>
At 31 December 2014	<u>8,626</u>

**7 Tangible assets**

	Oil & gas properties	Of which AUC*
	<u>\$000</u>	<u>\$000</u>
<b>Cost</b>		
At 1 January 2015	1,410,744	96,431
Changes in decommissioning provision	(39,282)	
Additions	63,642	67,624
Transfer	-	(164,055)
Deletion	433	
At 31 December 2015	<u>1,435,537</u>	<u>-</u>
<b>Depreciation</b>		
At 1 January 2015	1,234,914	75,295
Charge for the year	25,248	-
Transfer	-	(75,295)
Reversal of impairment	(69,493)	-
At 31 December 2015	<u>1,190,669</u>	<u>-</u>
<b>Net book value</b>		
At 31 December 2015	<u>244,868</u>	<u>-</u>
At 31 December 2014	<u>175,830</u>	<u>21,136</u>

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

Capitalised interest included above

	Cost	Depreciation	Net book amount
At 31 December 2015	<u>89,378</u>	<u>80,462</u>	<u>8,916</u>
At 31 December 2014	<u>89,378</u>	<u>83,305</u>	<u>6,073</u>

**ARCO BRITISH LIMITED, LLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**8 Stock**

	2015	2014
	\$000	\$000
Crude oil	-	136
Raw materials and consumables	3,505	2,125
	<u>3,505</u>	<u>2,261</u>

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

**9 Debtors**

	2015	2015	2014	2014
	Within	After	Within	After
	1 year	1 year	1 year	1 year
	\$000	\$000	\$000	\$000
Trade debtors	6,532	-	6,578	-
Amounts owed by group undertakings	16,025	1,090,294	10,482	1,002,555
Corporation tax	5,976	-	-	-
Other debtors	1,855	-	6,877	-
Prepayments and accrued income	5	8,687	2,810	35,363
Petroleum revenue tax	4,614	7,010	5,390	6,993
	<u>35,007</u>	<u>1,105,991</u>	<u>32,137</u>	<u>1,044,911</u>

**10 Creditors**

	2015	2014
	Within	Within
	1 year	1 year
	\$000	\$000
Trade creditors	37,099	21,657
Amounts owed to group undertakings	434,845	132,947
Other creditors	1	1
Accruals and deferred income	14,735	28,427
Bank overdraft	143	151
	<u>486,823</u>	<u>183,183</u>

**ARCO BRITISH LIMITED, LLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**11 Provisions**

	<u>Decommissioning</u>
	<u>\$000</u>
At 1 January 2015	175,937
Change in decommissioning estimate	(32,995)
Exchange adjustment	(6,717)
Unwinding of discount	1,074
Utilised during the year	<u>(11,952)</u>
At 31 December 2015	<u>125,347</u>
At 31 December 2015	
Current	9,162
Non-current	<u>116,185</u>
	<u>125,347</u>
At 31 December 2014	
Current	18,636
Non-current	<u>157,301</u>
	<u>175,937</u>

The company 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 2015 the provision for the costs of decommissioning these production facilities and pipelines at the end of their economic lives was \$125,347,000 (2014: \$175,937,000). The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 0.75% (2014: 0.75%). These costs are expected to be incurred over the next 20 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.

**12 Called up share capital**

	<u>2015</u>	<u>2014</u>
	<u>\$</u>	<u>\$</u>
Issued and fully paid		
100 Ordinary shares of \$1 each for a total nominal value of \$100	<u>100</u>	<u>100</u>

The company has not declared any dividends during the year (2014: \$Nil).

**13 Reserves**

*Called up share capital*

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

*Additional paid-in capital*

The additional paid-in capital balance \$177,829 represents the difference in capital converted into called up share capital and paid-in capital at the time when company was converted to a Limited Liability Company registered in Delaware USA.

*Profit and loss account*

The balance held on this reserve is the retained profits of the company.

**14 Immediate and ultimate controlling parent undertaking**

The immediate parent undertaking is BP Exploration Operating Company Limited, a company registered in England and Wales. The ultimate controlling parent undertaking is BP plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of BP plc can be obtained from 1 St James's Square, London, SW1Y 4PD.