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nm FC 005677

ARCO BRITISH LIMITED, LLC

(Registered No FC005677)

BALANCE SHEET AT 31 DECEMBER 2014

	Note	2014 \$000	2013 Restated \$000	2012 Restated \$000
Fixed assets				
Intangible assets	6	8,626	90	49,366
Tangible assets	7	175,830	1,247,322	976,533
		184,456	1,247,412	1,025,899
Current assets				
Stock	8	2,261	4,141	4,268
Debtors amounts falling due within one year	9	32,137	107,052	81,411
Debtors amounts falling due after more than one year	9	1,075,377	311,715	713,413
Assets classified as held for sale	10	-	-	154,714
		1,109,775	422,908	953,806
Creditors: amounts falling due within one year	11	(183,183)	(355,129)	(219,405)
Liabilities directly associated with assets classified as held for sale	10	-	-	(82,991)
Net current assets		926,592	67,779	651,410
TOTAL ASSETS LESS CURRENT LIABILITIES		1,111,048	1,315,191	1,677,309
Provisions for liabilities and charges				
Deferred tax		-	(644,399)	(543,795)
Other provisions	12	(175,937)	(209,131)	(176,107)
NET ASSETS		935,111	461,661	957,407
Represented by				
Capital and reserves				
Called up share capital	13	-	-	-
Additional paid-in capital	13	177,829	177,829	177,829
Profit and loss account		647,462	174,012	669,758
Other reserves		109,820	109,820	109,820
TOTAL EQUITY		935,111	461,661	957,407

The financial statements of ARCO British Limited, LLC, were approved for issue by its sole shareholder, BP Exploration Operating Company Limited, on 10 July 2015 (where the company is member managed) and were signed on its behalf by


D J Lynch

Director of BP Exploration Operating Company Limited

Dated 10 July 2015

THURSDAY



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ARCO BRITISH LIMITED, LLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Equity share capital (note 13)	Additional paid-in capital (note 13)	Profit and loss account	Other reserves	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 31 January 2013	-	177,829	669,758	109,820	957,407
Profit for the year	-	-	4,254	-	4,254
Dividends paid	-	-	(500,000)	-	(500,000)
Balance at 31 December 2013	-	177,829	174,012	109,820	461,661
Profit for the year	-	-	473,450	-	473,450
Balance at 31 December 2014	-	177,829	647,462	109,820	935,111

ARCO BRITISH LIMITED, LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 Principal activity

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 Loss on ordinary activities before interest and taxation

This is stated after charging / (crediting)

	2014	2013
	\$000	Restated \$000
Hire charges under operating leases Plant & machinery	4,477	10,977
Net foreign exchange (gains) and losses	(1,594)	(9,444)
Research and development	3,408	3,153
Amortisation of intangible fixed assets	(480)	52,950
Depreciation of tangible fixed assets	10,092	14,338
Impairment of tangible fixed assets	260,543	36,469
Profit on disposal of fixed assets	1,005	39,133

3 Other operating income

	2014	2013
	\$000	\$000
Miscellaneous	-	15

4 Interest receivable

	2014	2013
	\$000	\$000
Interest income from group undertakings	405	1,803
PRT interest	1	38
Other interest	35	44
	441	1,885

ARCO BRITISH LIMITED, LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5 Interest payable and similar charges

	<u>2014</u>	<u>2013</u>
	\$000	\$000
Interest expense on		
PRT interest	-	25
Loans from group undertakings	438	94
Other interest to group undertakings	-	29
Other	<u>30</u>	<u>44</u>
	468	192
Capitalised at 1.75% (2013: 2%)	<u>(15,015)</u>	<u>(15,138)</u>
	<u>(14,547)</u>	<u>(14,946)</u>
 Unwinding of discount on provisions	 <u>2,020</u>	 <u>867</u>
	<u>(12,527)</u>	<u>(14,079)</u>

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

6 Intangible assets

	<u>Exploration expenditure</u>
	\$000
Cost	
At 1 January 2014	90
Additions	<u>9,016</u>
At 31 December 2014	<u>9,106</u>
 Amortisation	
At 1 January 2014	-
Charge for the year	<u>480</u>
At 31 December 2014	<u>480</u>
 Net book value	
At 31 December 2014	<u>8,626</u>
 At 31 December 2013	<u>90</u>
 At 31 December 2012	<u>49,366</u>

ARCO BRITISH LIMITED, LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7 Tangible assets

	Oil & gas properties \$000	Of which AUC* \$000
Cost		
At 1 January 2014	2,211,601	943,400
Additions	210,331	205,247
Transfers from AUC	-	(1,054,031)
Disposals	(1,011,188)	1,815
At 31 December 2014	<u>1,410,744</u>	<u>96,431</u>
Depreciation		
At 1 January 2014	964,279	-
Impairment	260,543	75,295
Charge for the year	10,092	-
At 31 December 2014	<u>1,234,914</u>	<u>75,295</u>
Net book value		
At 31 December 2014	<u>175,830</u>	<u>21,136</u>
At 31 December 2013	<u>1,247,322</u>	<u>943,400</u>
At 31 December 2012	<u>976,533</u>	<u>670,136</u>

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

On 1 November 2014, the ownership of the Kinnoull asset was transferred to BP Exploration Operating Company Limited, a fellow group company

Capitalised interest included above

	Cost \$000	Depreciation \$000	Net book amount \$000
At 31 December 2014	<u>89,378</u>	<u>83,305</u>	<u>6,073</u>
At 31 December 2013	<u>120,003</u>	<u>75,522</u>	<u>44,481</u>
At 31 December 2012	<u>104,865</u>	<u>73,493</u>	<u>31,372</u>

ARCO BRITISH LIMITED, LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

8 Stock

	2014	2013	2012
	Restated	Restated	Restated
	\$000	\$000	\$000
Crude oil	136	3,580	2,280
Raw materials and consumables	2,125	561	1,988
	<u>2,261</u>	<u>4,141</u>	<u>4,268</u>

9 Debtors

Amounts falling due within one year	2014	2013	2012
	Restated	Restated	Restated
	\$000	\$000	\$000
Trade debtors	6,578	9,283	10,264
Amounts owed by group undertakings	10,482	24,706	37,503
Other debtors	6,877	25,942	29,190
Prepayments and accrued income	2,810	393	2,448
Corporation tax	-	40,094	-
Petroleum revenue tax	5,390	6,634	2,006
	<u>32,137</u>	<u>107,052</u>	<u>81,411</u>

Amounts falling due after one year	2014	2013	2012
	Restated	Restated	Restated
	\$000	\$000	\$000
Amounts owed by group undertakings	1,002,555	267,438	678,530
Prepayments and accrued income	35,363	35,849	27,823
Other debtors	-	-	395
Deferred tax	30,466	-	-
Petroleum revenue tax	6,993	8,428	6,665
	<u>1,075,377</u>	<u>311,715</u>	<u>713,413</u>

ARCO BRITISH LIMITED, LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

10 Discontinued operations

Assets and liabilities held for sale

On 14 December 2012 BP announced its intention to sell its interests in the Sean asset to SSE E&P UK Limited. The deal was completed on 12 April 2013.

As at 31 December 2012 the above assets have been classified as a disposal group held for sale and presented separately in the balance sheet. The proceeds of disposal are expected to substantially exceed the book value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	<u>2012</u> \$000
Tangible assets	117,494
Stock	15,438
Trade and other debtors	<u>21,782</u>
	154,714
Trade and other creditors	(4,415)
Tax liabilities	(13,432)
Accruals	(8,491)
Other provisions	<u>(56,653)</u>
	(82,991)
Net assets of disposal group	<u><u>71,723</u></u>

ARCO BRITISH LIMITED, LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

11 Creditors

Amounts falling due within one year	2014	2013	2012
	Restated	Restated	Restated
	\$000	\$000	\$000
Trade creditors	21,657	28,939	33,447
Amounts owed to group undertakings	132,947	248,874	44,711
Petroleum revenue tax	-	703	9,458
Corporation tax	-	-	24,835
Other creditors	1	1,822	1,617
Accruals and deferred income	28,427	74,607	105,168
Bank overdraft	151	184	169
	<u>183,183</u>	<u>355,129</u>	<u>219,405</u>

12 Provisions

	Decom- missing \$000	Petroleum revenue tax \$000	Other \$000	Total \$000
At 1 January 2014	203,981	-	5,150	209,131
New or increased provision				
Recognised within fixed assets	16,429	-	-	16,429
Exchange adjustments	(11,047)	-	61	(10,986)
Unwinding of discount	2,020	-	-	2,020
Change in discount rate	3,592	-	-	3,592
Deletions	(36,272)	-	-	(36,272)
Utilised during the year	(2,766)	-	(5,211)	(7,977)
At 31 December 2014	<u>175,937</u>	<u>-</u>	<u>-</u>	<u>175,937</u>
At 31 December 2014				
Current	18,636	-	-	18,636
Non-current	157,301	-	-	157,301
	<u>175,937</u>	<u>-</u>	<u>-</u>	<u>175,937</u>
At 31 December 2013				
Current	5,436	-	-	5,436
Non-current	198,545	-	5,150	203,695
	<u>203,981</u>	<u>-</u>	<u>5,150</u>	<u>209,131</u>
At 31 December 2012				
Current	492	-	-	492
Non-current	171,337	(429)	4,707	175,615
	<u>171,829</u>	<u>(429)</u>	<u>4,707</u>	<u>176,107</u>

ARCO BRITISH LIMITED, LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

13 Capital

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$000	\$000	\$000
Equity share capital	<u>-</u>	<u>-</u>	<u>-</u>
Additional paid-in capital	<u>177,829</u>	<u>177,829</u>	<u>177,829</u>

When the company converted to an Limited Liability Company registered in Delaware the existing share capital was converted to 100 \$1 shares. The remaining paid-in capital was converted to an Additional paid-in capital reserve.

14 Explanation of transition to FRS 101

For all periods up to and including the year ended 31 December 2013, the company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2014, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2013 and the significant accounting policies meeting those requirements are described in the relevant notes.

On transition to FRS 101, the company has applied the requirements of paragraphs 6 – 33 of IFRS 1 'First time adoption of International Financial Reporting Standards'.

Exemptions applied

IFRS 1 allows first time adopters certain exemptions from the general requirements to apply IFRSs as effective for December 2014 year ends retrospectively. The company has taken advantage of the following exemption, deemed cost (paragraph D8A).

In preparing these financial statements, the company has started from an opening balance sheet as at 1 January 2013, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first time adoption of FRS 101. As such, this note explains the principle adjustments made by the company in restating its balance sheet as at 31 December 2012 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2013.

ARCO BRITISH LIMITED, LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Reconciliation of equity

	1 January 2013 \$000	31 December 2013 \$000
Equity reported under previous UK GAAP	927,989	436,291

Adjustments to equity on transition to FRS 101

Arundel Fair Value adjustment	25,370	25,370
Assets held for sale	4,048	-
Equity reported under FRS 101	957,407	461,661

Notes to the reconciliation of equity at 1 January 2013 and 31 December 2013

The adoption of FRS 101 impacted following

Assets held for sale For the year ended 31 December 2012, the SSE divestment was disclosed as assets held for sales resulting in reclassification of the balance sheet and the unwinding of the depreciation charged to the assets for the period from the initial announcement of the divestment to its completion

Arundel Fair value adjustment this adjustment recognises the assets which were acquired as part of an historic asset swap transaction

ARCO BRITISH LIMITED, LLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

		<u>2014</u>	<u>2013</u>
	Note	<u>\$000</u>	<u>Restated</u>
			<u>\$000</u>
Turnover		93,002	79,877
Cost of sales		<u>(106,150)</u>	<u>(88,407)</u>
Gross loss		<u>(13,148)</u>	<u>(8,530)</u>
Exploration expenses		1,993	(52,950)
Distribution and marketing expenses		(8)	(5)
Administrative expenses		(1,063)	(5,157)
Other operating income	3	-	15
Profit on disposal of fixed assets		1,005	39,133
Amounts provided against fixed assets		<u>(260,543)</u>	<u>(36,469)</u>
Operating loss	2	<u>(271,764)</u>	<u>(63,963)</u>
Interest receivable and similar income	4	441	1,885
Interest payable and similar charges	5	<u>12,527</u>	<u>14,079</u>
Loss before taxation		<u>(258,796)</u>	<u>(47,999)</u>
Taxation		732,246	52,253
Profit for the year		<u><u>473,450</u></u>	<u><u>4,254</u></u>

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

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