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BP SHIPPING LIMITED
(Registered No. 00140132)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

Board of Directors: S L Dio
 R J Day
 A H Haywood

The directors present the strategic report, their report and the financial statements for the year ended 31 December 2014.

STRATEGIC REPORT

Results

The profit for the year after taxation was \$6,240,000 which, when deducted from the retained loss brought forward at 1 January 2014 of \$757,108,000, gives a total retained loss carried forward at 31 December 2014 of \$750,868,000.

Principal activity and review of the business

The principal activity of the company is that of shipping and ship management. The company charters its own and operated oil tankers and liquefied natural gas (LNG) carriers to Group and third party customers and also manages, operates and charters oil tankers and LNG carriers on behalf of the BP Group and third parties. It is the intention of the directors that the above business of the company will continue for the foreseeable future.

The company operates in a steadily improving freight market.

During 2014, the company maintained its shipping fleet of operated and time chartered vessels to effectively manage the risk of a major oil spill within the fleet. All vessels on BP business are subject to BP's requirements. The BP Shipping Limited fleet consisted of 90 vessels at the end of 2014, compared with 93 vessels at the end of 2013. This fleet contains 46 BP operated vessels, 28 time charter vessels and 16 regional/specialist vessels.

In December 2014, BP Shipping Limited entered into an agreement with Daewoo Shipbuilding & Marine Engineering Company Ltd, to construct 6 new LNG vessels.

The key financial and other performance indicators during the year were as follows:

	2014	2013	Variance %
BP cargoes carried by BPS ships, cargoes greater than 9,000 metric tonnes	19.5%	18.1%	1
Number of voyages	986	970	2
Tonnes of cargo carried	58,447,086mt	53,604,481mt	9
Utilisation of BPS vessels	69.3%	71.7%	(2)



BP SHIPPING LIMITED

STRATEGIC REPORT

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management for the group.

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the company's strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation. Unless stated otherwise, further details on these risks are included within the risk factors in the strategic report of the BP group Annual Report and Form 20-F for the year ended 31 December 2014.

Gulf of Mexico oil spill

The Gulf of Mexico oil spill in 2010 has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on the company.

Strategic and commercial risks

Major project delivery

Failure to invest in the best opportunities or deliver major projects successfully could adversely affect the company's financial performance.

Digital infrastructure and cybersecurity

Breach of the company's digital security or failure of our digital infrastructure could damage our operations and its reputation.

Crisis management and business continuity

Potential disruption to the company's business and operations could occur if it does not address an incident effectively.

Insurance

The BP group's insurance strategy could expose the BP group to material uninsured losses which in turn could adversely affect the company.

Safety and operational risks

Process safety, personal safety and environmental risks

The company is exposed to a wide range of health, safety, security and environmental risks that could result in regulatory action, legal liability, increased costs, damage to its reputation and potentially denial of its licence to operate.

Security

Hostile acts against the company's staff and activities could cause harm to people and disrupt its operations.

BP SHIPPING LIMITED

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Compliance and control risks

US government settlements

The BP group's settlements with legal and regulatory bodies in the US in respect of certain charges related to the Gulf of Mexico oil spill may expose the BP group to further penalties, liabilities and private litigation, which in turn could have adverse impacts on the company or could result in suspension or debarment of the company.

Ethical misconduct and non-compliance

Ethical misconduct or breaches of applicable laws by the company's businesses or its employees could be damaging to its reputation.

Reporting

Failure to accurately report the company's data could lead to regulatory action, legal liability and reputational damage.

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures including market risks relating to foreign currency exchange rates and credit risk. Further details on these financial risks are included within Note 27 of the BP group Annual Report and Form 20-F for the year ended 31 December 2014.

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

25 June 2015

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP SHIPPING LIMITED

DIRECTORS' REPORT

Directors

The present directors are listed on page 1.

D J Ridgway and R J Day served as directors throughout the financial year. Changes since 1 January 2014 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
A H Haywood	1 November 2014	
D J Bucknall	-	1 November 2014
D J Ridgway	-	1 May 2015
S L Dio	1 May 2015	-

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

Dividends

The company has not declared any dividends during the year (2013: \$Nil). The directors do not propose the payment of a dividend.

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium Companies and Group Regulations 2008 in the strategic report under Financial risk management.

Post balance sheet event

Subsequent to the year end the company has sold 18 vessels (currently under construction) and, upon completion, will lease these vessels under operating leases.

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

It is the intention of the directors that the business of the company will continue for the foreseeable future.

BP SHIPPING LIMITED


DIRECTORS' REPORT

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

25 June 2015

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP SHIPPING LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT
OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these financial statements, 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

BP SHIPPING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP SHIPPING LIMITED

We have audited the financial statements of BP Shipping Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

William Testa (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

25 June 2015

BP SHIPPING LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

		<u>2014</u>	<u>2013</u>
	Note	\$000	\$000
Turnover	3	1,308,136	1,206,498
Cost of sales		<u>(1,148,506)</u>	<u>(1,156,992)</u>
Gross profit		159,630	49,506
Administrative expenses		(127,446)	(119,945)
Exceptional items	6	<u>(16,945)</u>	<u>(52,021)</u>
Operating profit/(loss)	4	15,239	(122,460)
Interest receivable and similar income	7	1,879	585
Interest payable and similar charges	8	<u>(20,722)</u>	<u>(20,908)</u>
Loss before taxation		(3,604)	(142,783)
Taxation	9	<u>9,844</u>	-
Profit/(loss) for the year		<u>6,240</u>	<u>(142,783)</u>

The profit of \$6,240,000 for the year ended 31 December 2014 was derived in its entirety from continuing operations.

STATEMENT OF 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.

BP SHIPPING LIMITED
(Registered No. 00140132)

BALANCE SHEET AT 31 DECEMBER 2014

	Note	2014 \$000	2013 \$000	2012 \$000
Fixed assets				
Tangible assets	11	672,817	526,353	280,505
Investments	12	-	-	4
		<u>672,817</u>	<u>526,353</u>	<u>280,509</u>
Current assets				
Stocks	13	36,981	46,171	45,776
Debtors	14	1,526,100	1,771,107	1,579,836
Deferred tax asset	9	9,844	-	-
Cash at bank and in hand		-	245	-
		<u>1,572,925</u>	<u>1,817,523</u>	<u>1,625,612</u>
Creditors: amounts falling due within one year	15	<u>(165,836)</u>	<u>(214,032)</u>	<u>(270,315)</u>
Net current assets		<u>1,407,089</u>	<u>1,603,491</u>	<u>1,355,297</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,079,906</u>	<u>2,129,844</u>	<u>1,635,806</u>
Creditors: amounts falling due after more than one year	15	(1,033)	(1,154)	(46,658)
Provisions for liabilities and charges				
Other provision	17	(59,272)	(115,329)	(173,004)
NET ASSETS		<u>2,019,601</u>	<u>2,013,361</u>	<u>1,416,144</u>
Capital and reserves				
Called up share capital	18	2,770,469	2,770,469	2,030,469
Profit and loss account	19	(750,868)	(757,108)	(614,325)
TOTAL EQUITY		<u>2,019,601</u>	<u>2,013,361</u>	<u>1,416,144</u>

On behalf of the Board



S L Dio
Director

25 June 2015

BP SHIPPING LIMITED

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

	Called up share capital (Note 18) \$000	Profit and loss account (Note 19) \$000	Total \$000
Balance at 1 January 2013	2,030,469	(614,325)	1,416,144
Loss for the year, representing total comprehensive loss	-	(142,783)	(142,783)
Issue of share capital	740,000	-	740,000
Balance at 31 December 2013	<u>2,770,469</u>	<u>(757,108)</u>	<u>2,013,361</u>
Profit for the year, representing total comprehensive profit	-	6,240	6,240
Balance at 31 December 2014	<u>2,770,469</u>	<u>(750,868)</u>	<u>2,019,601</u>

BP SHIPPING LIMITED

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

1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of BP Shipping Limited for the year ended 31 December 2014 were approved by the board of directors on 24 June 2015 and the balance sheet was signed on the board's behalf by S L O'N. BP Shipping Limited is a limited company incorporated in England and Wales. The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2014 the company has changed its accounting framework from previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP) to FRS 101 as issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 and the provisions of the Companies Act 2006. A qualifying entity may apply FRS 101 for accounting periods beginning on or after 1 January 2015, however early application is permitted by the standard and as such BP Shipping Limited has elected to apply FRS 101 early.

The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see Note 22.

2. Significant accounting policies, judgements, estimates and assumptions

The significant accounting policies and critical accounting judgements, estimates and assumptions of the company are set out below.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The accounting policies that follow have been consistently applied to all years presented.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (c) the requirements of paragraphs 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (h) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

BP SHIPPING LIMITED

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Basis of preparation (continued)

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 24.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars (\$).

Critical accounting policies: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used. The critical judgements and estimates that could have a significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the Notes to the financial statements:

Impairment of tangible assets

Determination as to whether, and how much, an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas and refined products.

For value in use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The discount rate is derived from the BP group's post-tax weighted average cost of capital and is adjusted where applicable to take into account any specific risks relating to the country where the cash-generating unit is located, although other rates may be used if appropriate to the specific circumstances. The discount rates applied in assessments of impairment are reassessed each year. In cases where fair value less costs to sell is used to determine the recoverable amount of an asset, where recent market transactions for the asset are not available for reference, accounting judgements are made about the assumptions market participants would use when pricing the asset. Fair value less costs to sell may be determined based on similar recent market transaction data or using discounted cash flow techniques. Where discounted cash flow analyses are used to calculate fair value less costs to sell, the discount rate used is the BP group's post-tax weighted average cost of capital.

Impairment of financial assets

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against the future recoverability of those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

BP SHIPPING LIMITED

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Critical accounting policies: use of judgements, estimates and assumptions (continued)

Provisions and contingent liabilities

The provision recognised is the best reliable estimate of expenditures required to settle certain present obligations at the end of the reporting period, however there are future expenditures for which it is not possible to measure the obligation reliably. These are not provided for and are disclosed as contingent liabilities. Accounting judgement is required to identify when a provision can be measured reliably, which can be especially challenging when complex litigation activities are ongoing.

In addition, for those provisions which are recognised, there is significant estimation uncertainty about the amounts that will ultimately be paid. A provision is made for these costs when the amount can be measured reliably; this requires an analysis of claims received and processed and consideration of the status of ongoing legal activity.

Deferred tax

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future tax planning strategies.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the financial statements have therefore been prepared under the going concern basis.

Foreign currency

The functional and presentation currency of the financial statements is US dollars. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction, where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the profit and loss account. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Investments

Fixed asset investments in subsidiaries, associates are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investments recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed the impairment previously made is reversed to the extent of the original cost of the investment.

BP SHIPPING LIMITED

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Investments (continued)

Interests in associates

An associate is an entity over which the company has significant influence, through the power to participate in the financial and operating policy decisions of the investee, but which is not a subsidiary or a joint arrangement.

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Exchanges of assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. The gain or loss on derecognition of the asset given up is recognised in profit or loss.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised and the carrying amount of the replaced asset is derecognised. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

Other tangible assets with the exception of assets under construction are depreciated on a straight-line basis over their expected useful lives. The typical useful lives of the company's tangible assets is as follows:

Oil tankers (leasehold improvements)	- up to 15 years – 6.7%
Gas carriers (leasehold improvements)	- up to 15 years – 6.7%
Owned barges	- up to 20 years – 5%
Owned gas barges	- up to 30 years – 3.3%
Furniture	- up to 3 years – 33.3%
Computer equipment	- up to 3 years – 33.3%

BP SHIPPING LIMITED

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Tangible assets (continued)

The expected useful lives of tangible assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying amount of tangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the period in which the item is derecognised.

Impairment of tangible assets

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, for example, changes in the company's business plans or evidence of physical damage. If any such indication of impairment exists, the company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Stock

Stock, other than stock held for trading purposes, is stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method or net realisable value is determined by reference to prices existing at the balance sheet date.

Supplies are valued at cost to the company mainly using the average method or net realisable value, whichever is the lower.

BP SHIPPING LIMITED

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Leases

Assets held under leases are classified as finance or operating leases according to whether substantially all risks and rewards incidental to ownership of the leased item have been transferred to the company.

For operating leases, contingent rents are recognised in the profit and loss account in the period in which they are incurred.

Financial assets

Financial assets are classified as loans and receivables; financial assets at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; held-to-maturity financial assets; or as available-for-sale financial assets, as appropriate. Financial assets may include cash and cash equivalents, trade receivables, other receivables, loans, other investments, and derivative financial instruments. The company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial assets depends on their classification, as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes trade and other receivables. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and have a maturity of three months or less from the date of acquisition.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognised in the profit and loss account.

BP SHIPPING LIMITED

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; or as financial liabilities measured at amortised cost, as appropriate. Financial liabilities may include trade and other payables, accruals, most items of finance debt and derivative financial instruments. The company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortised cost

All other financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other income and finance costs. This category of financial liabilities includes trade and other payables.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the company currently has a legally enforceable right to set off the recognised amounts; and the company intends to either settle on a net basis or realise the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect the risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised within finance costs. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

BP SHIPPING LIMITED

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off taxation assets against taxation liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Turnover

Turnover is recognised in accordance with the accruals principle. Income is recognised for voyages in progress on the basis of the proportion of the voyage that is completed. Provisions for anticipated losses are made in full in the period they become known.

Interest income

Interest income is recognised as the interest accrues (using the effective interest rate that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

BP SHIPPING LIMITED

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Finance costs

All finance costs are recognised in the profit and loss account in the period in which they are incurred.

Exceptional items

The company presents as exceptional items those material items impacting the profit and loss account which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

3. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and BP Group companies, located globally.

Turnover is derived from shipping and ship management activities.

An analysis of the company's turnover is as follows:

	<u>2014</u>	<u>2013</u>
	\$000	\$000
Freight income	660,987	598,103
Revenue on services	29,664	32,277
Time charter income	544,877	513,395
Demurrage	70,200	55,948
Recoveries	2,408	6,775
	<u>1,308,136</u>	<u>1,206,498</u>
Interest receivable and similar income (Note 7)	1,879	585
	<u>1,310,015</u>	<u>1,207,083</u>

BP SHIPPING LIMITED

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

4. Operating profit/(loss)

This is stated after charging / (crediting):

	<u>2014</u>	<u>2013</u>
	\$000	\$000
Hire charges under operating leases:		
Tanker charters	411,238	422,939
Government grant	(121)	(121)
Depreciation of owned fixed assets	<u>18,603</u>	<u>9,622</u>

The hire charges under operating leases are partially offset by the utilisation of other provisions (see Note 17).

5. Auditor's remuneration

	<u>2014</u>	<u>2013</u>
	\$000	\$000
Fees for the audit of the company	<u>128</u>	<u>127</u>

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BP Shipping Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

6. Exceptional items

Exceptional items comprise the provision for onerous contracts and impairment losses as follows:

	<u>2014</u>	<u>2013</u>
	\$000	\$000
Provision for onerous bareboat and charter contracts	14,557	51,987
Impairment losses on fixed assets	<u>2,388</u>	<u>34</u>
Exceptional items	<u>16,945</u>	<u>52,021</u>

The taxation credit on exceptional items is \$3,558,000 (2013: \$11,965,000). No current tax has been recorded due to the availability of group relief as outlined in Note 9.

7. Interest receivable and similar income

	<u>2014</u>	<u>2013</u>
	\$000	\$000
Interest income from group undertakings	<u>1,879</u>	<u>585</u>

BP SHIPPING LIMITED

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

8. Interest payable and similar charges

	<u>2014</u>	<u>2013</u>
	\$000	\$000
Interest expense on:		
Loans from group undertakings	<u>20,722</u>	<u>20,908</u>

9. Taxation

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. In the prior year, no UK corporation tax had been provided because another group company, BP International Limited, had undertaken to procure the claim or surrender of group relief to the extent it was required and to provide for any current or deferred UK tax that arose without charge. During the period that agreement was terminated and as a result for 2014 UK corporation tax has been provided in this company.

The taxation credit in the profit and loss account is made up as follows:

	<u>2014</u>	<u>2013</u>
	\$000	\$000
Current tax	-	-
<u>Deferred tax</u>		
Origination and reversal of temporary differences	<u>9,844</u>	<u>-</u>
Total deferred tax credited	<u>9,844</u>	<u>-</u>
 Tax credited on loss on ordinary activities	 <u>9,844</u>	 <u>-</u>

BP SHIPPING LIMITED

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

9. Taxation (continued)

(a) Reconciliation of the effective tax rate

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% for the year ended 31 December 2014 (2013: 23%). The differences are reconciled below:

	<u>2014</u>	<u>2013</u>
	UK	UK
	\$000	\$000
Loss on ordinary activities before tax	(3,604)	(142,783)
Total Tax	(9,844)	-
Effective current tax rate	273%	0%

	<u>2014</u>	<u>2013</u>
	UK	UK
	%	%
UK corporation tax rate:	21	23
Increase / (decrease) resulting from:		
Non-deductible expenditure / non-taxable income	344	-
Deferred tax previously recognised by BP International Limited	-	(18)
Free group relief	272	(5)
Opening deferred tax recognised in current year	(364)	-
Effective current tax rate	<u>273</u>	<u>-</u>

Change in corporation tax rate

The UK corporation tax rate was reduced from 23% to 21% effective 1 April 2014 and will reduce to 20% from 1 April 2015. Deferred tax has been measured using the rates substantively enacted at 31 December 2014.

(b) Provision for deferred tax

The deferred tax included in the profit and loss account and balance sheet is as follows:

	<u>Balance sheet</u>	
<u>Deferred tax asset</u>	<u>2014</u>	<u>2013</u>
	\$000	\$000
Other deductible temporary differences	11,114	-
Provision for deferred tax asset	<u>11,114</u>	<u>-</u>
<u>Deferred tax liability</u>		
Accelerated capital allowances	<u>(1,270)</u>	<u>-</u>
Provision for deferred tax liability	<u>(1,270)</u>	<u>-</u>
	<u>9,844</u>	<u>-</u>

BP SHIPPING LIMITED

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

9. Taxation (continued)

Analysis of movements during the year

	<u>2014</u>
	\$000
At 1 January 2014	-
Deferred tax credit in the profit and loss account	<u>9,844</u>
At 31 December 2014	<u>9,844</u>

A deferred tax asset of \$9,844,000 has been recognised in this company which suffered a loss before tax in the period on the basis that sufficient taxable profits are expected to arise within the UK group in order to utilise the asset in future years.

10. Directors and employees

(a) Remuneration of directors

The total remuneration for all serving directors for their period of directorship to the company amounted to \$1,061,000 (2013: \$913,000). A number of directors are senior executives of the BP Plc Group and received no remuneration for services to this company or its subsidiary undertakings.

Four directors were members of the defined benefit section of the BP Pension Fund at 31 December 2014 (2013: Two).

The highest paid director received \$687,000 (2013: \$544,000). The accrued pension of the highest paid director at 31 December 2014 was \$191,000 (2013: \$183,000).

Two of the directors exercised share options over BP p.l.c. shares during the year (2013: Nil).

(b) Employee costs

The company had no employees during the year (2013: None).

BP SHIPPING LIMITED

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

11. Tangible assets

	<u>Vessels</u>	<u>Other equipment</u>	<u>Total</u>	<u>Of which AUC*</u>
Cost	\$000	\$000	\$000	\$000
At 1 January 2014	618,221	3,057	621,278	413,762
Additions	268,505	5,257	273,762	272,220
Disposals	(114,766)	-	(114,766)	(106,007)
Transfers	-	-	-	(234,486)
At 31 December 2014	<u>771,960</u>	<u>8,314</u>	<u>780,274</u>	<u>345,489</u>
Depreciation and impairment				
At 1 January 2014	94,759	166	94,925	-
Charge for the year	17,834	769	18,603	-
Impairment	2,388	-	2,388	-
Disposals	(8,459)	-	(8,459)	-
At 31 December 2014	<u>106,522</u>	<u>935</u>	<u>107,457</u>	<u>-</u>
Net book value				
At 31 December 2014	<u>665,438</u>	<u>7,379</u>	<u>672,817</u>	<u>345,489</u>
At 31 December 2013	<u>523,462</u>	<u>2,891</u>	<u>526,353</u>	<u>413,762</u>
At 31 December 2012	<u>278,102</u>	<u>2,403</u>	<u>280,505</u>	<u>208,889</u>

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

An impairment has been recorded for all assets associated with leasehold improvement of vessels leased under bareboat and charter contracts for which onerous lease provisions have been recorded as per Note 6.

12. Investments

Investment in associate's shares

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cost and net book amount	\$000	\$000	\$000
At 1 January	-	4	4
Disposal	-	(4)	-
At 31 December	<u>-</u>	<u>-</u>	<u>4</u>

BP SHIPPING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2014**13. Stocks**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Stocks	<u>36,981</u>	<u>46,171</u>	<u>45,776</u>

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

14. Debtors

Amounts falling due within one year:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Trade debtors	93,637	56,037	24,527
Amounts owed by group undertakings	1,389,707	1,677,739	1,472,568
Amounts owed by associates	-	-	281
Other debtors	5,781	4,554	1,003
Prepayments and accrued income	36,975	32,777	80,957
	<u>1,526,100</u>	<u>1,771,107</u>	<u>1,579,336</u>

Amounts falling due after one year:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Other debtors	-	-	500
Total debtors	<u>1,526,100</u>	<u>1,771,107</u>	<u>1,579,836</u>

15. Creditors

Amounts falling due within one year:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Trade creditors	28,226	34,493	-
Amounts owed to group undertakings	18,150	26,012	11,006
Accruals and deferred income	119,460	153,527	259,209
Bank overdraft	-	-	100
	<u>165,836</u>	<u>214,032</u>	<u>270,315</u>

Amounts falling after one year:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Accruals and deferred income	1,033	1,154	46,658
Total creditors	<u>166,869</u>	<u>215,186</u>	<u>316,973</u>

BP SHIPPING LIMITED

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

16. Obligations under leases

Operating leases

Operating lease commitments primarily represent rentals payable by the company for ships. Time charter leases are negotiated for an average term of 12 months. Bareboat leases are negotiated for an average term of 12 years, some at variable rates based on market interest rates. Many of the time charter and bareboat leases include options to extend the lease term.

Annual commitments under non-cancellable operating leases are set out below:

	<u>2014</u>	<u>2013</u>
	Vessels	Vessels
	\$000	\$000
Operating leases which expire:		
Within 1 year	341,897	343,370
Between 2 to 5 years	954,948	951,004
Thereafter	592,763	456,230
	<u>1,889,608</u>	<u>1,750,604</u>

17. Provisions for liabilities and charges

	<u>Litigation and claims \$000</u>	<u>Other Provisions \$000</u>	<u>Total \$000</u>
At 1 January 2013	3,369	169,635	173,004
New or increased provisions	215	51,987	52,202
Write-back of unused provisions	(1,477)	-	(1,477)
Utilisation	(1,218)	(107,182)	(108,400)
At 31 December 2013	<u>889</u>	<u>114,440</u>	<u>115,329</u>
At 1 January 2014	889	114,440	115,329
New or increased provisions	142	43,918	46,860
Write-back of unused provisions	(311)	(29,161)	(32,272)
Utilisation	(140)	(70,505)	(70,645)
At 31 December 2014	<u>580</u>	<u>58,692</u>	<u>59,272</u>
At 31 December 2014			
Current	580	38,420	39,000
Non-current	-	20,272	20,272
	<u>580</u>	<u>58,692</u>	<u>59,272</u>
At 31 December 2013			
Current	889	77,727	78,616
Non-current	-	36,713	36,713
	<u>889</u>	<u>114,440</u>	<u>115,329</u>

BP SHIPPING LIMITED

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

17. Provisions for liabilities and charges (continued)

	Litigation and claims \$000	Other Provisions \$000	Total \$000
At 31 December 2012			
Current	3,369	113,143	116,512
Non-current	-	56,492	56,492
	<u>3,369</u>	<u>169,635</u>	<u>173,004</u>

Other provisions include the provision for onerous bareboat and charter contracts, as per Note 6.

18. Called up share capital

	<u>2014</u> \$000	<u>2013</u> \$000	<u>2012</u> \$000
Issued and fully paid:			
1,276,000,000 Ordinary shares of £1 each for a total nominal value of £1,276,000,000	2,030,469	2,030,469	2,030,469
740,000,000 Ordinary shares of \$1 each for a total nominal value of \$740,000,000	<u>740,000</u>	<u>740,000</u>	<u>-</u>
	<u>2,770,469</u>	<u>2,770,469</u>	<u>2,030,469</u>

19. 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.

Profit and loss account

The balance held on this reserve is the accumulated loss of the company.

20. Capital commitments

Authorised and contracted future capital expenditure by the company for which contracts had been placed but not provided in the accounts at 31 December 2014 is estimated at \$1,175,000,000 (2013: \$1,189,000,000).

BP SHIPPING LIMITED

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

21. Related party transactions

The company has taken advantage of the exemption contained within paragraph 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading outstanding at 31 December, are as follows:

Related party	Sales to related party \$000
BP Southern Africa (Proprietary) Limited	
Fellow subsidiary	
Shipping	
2014	5,851
2013	6,400

22. 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'.

Exemption 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:

(a) business combinations (paragraphs C1 – C5)

BP SHIPPING LIMITED

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

22. Explanation of transition to FRS 101 (continued)

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.

Reconciliation of equity

	<u>1 January 2013</u>	<u>31 December 2013</u>
	\$000	\$000
Equity reported under previous UK GAAP	1,482,726	2,072,466
Adjustments to equity on transition to FRS 101		
Adjustment to opening reserves for dry dock cost	(78,799)	(66,582)
Adjustment to profit and loss account for dry dock costs	12,217	7,477
Equity reported under FRS 101	<u>1,416,144</u>	<u>2,013,361</u>

Notes to the reconciliation of equity at 1 January 2013

Dry docking costs that were previously capitalised and subsequently depreciated according to UK GAAP have been reversed and expensed in the period they were incurred according to IFRS.

Reconciliation of total comprehensive income for the year ended 31 December 2013

	<u>2013</u>
	\$000
Total comprehensive loss for the financial year under previous UK GAAP	(150,260)
Adjustment to P&L for dry dock costs	7,477
Total comprehensive loss for the financial year under FRS 101	<u>(142,783)</u>

Notes to the reconciliation of total comprehensive income for the year ended 31 December 2013

Dry docking costs that were previously capitalised and subsequently depreciated according to UK GAAP have been reversed and expensed in the period they were incurred according to IFRS.

23. Post balance sheet event

Subsequent to the year end the company has sold 18 vessels (currently under construction) and, upon completion, will lease these vessels under operating leases.

BP SHIPPING LIMITED

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

24. Immediate and ultimate controlling parent undertaking

The immediate and ultimate parent undertaking is BP p.l.c., 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 p.l.c. can be obtained from 1 St James's Square, London, SW1Y 4PD.