

UNITED KINGDOM OIL PIPELINES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1996
Registered No. 746708



UNITED KINGDOM OIL PIPELINES LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company during the year, as agents for the members, was the operation of pipeline systems for the carriage of petroleum products in the United Kingdom and activities related thereto. The directors expect the company to continue to be engaged in the management and operation of pipeline systems for the foreseeable future.

RESULTS

The company has not traded during the year on its own account and accordingly has made neither a profit nor a loss. No profit and loss account has therefore been prepared. All expenses have been met by the members of the company (see note 2).

DIRECTORS

The present directors of the Company are:

J S Mills	(appointed 1 November 1996)
A J Blows	(alternate O M Mace)
F J Kelly	(alternate R D Hunter)
P W Jordan	(alternate D R Scott resigned 1 January 1996, alternate J H L Garton appointed 1 January 1996)
N P Williamson	(appointed 1 August 1996, alternate L P Magrill appointed 1 August 1996)
A C Vesey	
D W Watling	

Unless otherwise indicated, all the above named directors (and alternates) held office for the whole year.

The following directors resigned during 1996 :-

D A Beer	(resigned 12 July 1996)
L P Magrill	(resigned 1 August 1996) (alternate A N Tong resigned 23 May 1996 alternate N P Williamson appointed 23 May 1996 and resigned 5 August 1996)

UNITED KINGDOM OIL PIPELINES LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors' interests, none of the directors of the company and their families had any interests in the shares of the company at 1 January, at the date of appointment where later, or at 31 December 1996.

AUDITORS

At the Annual General Meeting of the company held on 23 May 1996 an elective resolution was passed pursuant to section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually.

KPMG have indicated their willingness to continue in office and accordingly will have been deemed to have been reappointed as the company's auditors under the provisions of subsection 386(2) of the Act.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 financial statements;
- 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 maintaining proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



D M A Watson
Secretary

3 Savoy Place
London WC2R ODX

22 May 1997

UNITED KINGDOM OIL PIPELINES LIMITED

AUDITORS' REPORT TO THE MEMBERS OF UNITED KINGDOM OIL PIPELINES LIMITED

We have audited the financial statements on page 4 to 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 use with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPM G 4 July 1997

KPMG
Chartered Accountants
Registered Auditors
St Albans

UNITED KINGDOM OIL PIPELINES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
CURRENT ASSETS			
Cash at bank and in hand		<u>200</u>	<u>200</u>
CAPITAL AND RESERVES			
Called up share capital	4	<u>200</u>	<u>200</u>

These accounts were approved by the board of directors on 22 May 1997, and signed on its behalf by:

John S. Mills

J S Mills
Director

UNITED KINGDOM OIL PIPELINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. PROFIT AND LOSS ACCOUNT

The Company has entered into a Participants Agreement dated 11 March 1971 with the members of the Company which governs the management and operation of the Company's pipeline systems. The Company subsequently entered into an Agency Agreement with Shell-Mex and BP Limited dated 11 March 1971, as amended on 19 January 1976 to transfer all rights and obligations thereto to British Pipeline Agency Limited ("BPA", a company registered in England No. 1228157) for BPA to be the Company's agent to manage, operate and carry out capital projects in relation thereto. In particular, the agency agreement specifically provides that BPA shall keep and maintain a full and proper system of accounts and records in relation to the pipeline system.

The Company is not dormant for the purposes of the Companies Act 1985. During the year ended 31 December 1996 the Company, which did not trade on its own account, made neither a profit nor a loss; all its net costs and expenditures were met by the members of the Company.

3. EMOLUMENTS OF DIRECTORS

None of the directors received any fees or other emoluments from the company.

4. CALLED UP SHARE CAPITAL

Authorised allotted called up and fully paid Ordinary Share of £1 each.

	<u>31 December</u> <u>1996</u>	<u>31 December</u> <u>1995</u>
BP Oil UK Limited	35	35
Chevron International Oil Company Limited	5	5
Mobil Oil Company Limited	30	30
Fina Plc	7	7
Shell UK Limited	93	93
Texaco Limited	30	30
	200	200

UNITED KINGDOM OIL PIPELINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. CONTINGENT LIABILITIES

A long standing claim against the Company by a contractor for £108,000 has existed since 1991 and has not been formally withdrawn. No provision has been made as the directors believe that the claim is not supportable. The contractor has ceased to trade and this contingent liability will not be reported in future statements.

6. CASH FLOW STATEMENT

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on grounds of its size.

7. RELATED PARTY DISCLOSURES

The shareholders have the right to appoint Directors, but no one shareholder has the right to appoint a majority of Directors; therefore there is no controlling party. The company has, by virtue of its Agency Agreement, transferred its operational responsibilities to British Pipeline Agency (see note 2), which is related to two of its shareholders, Shell UK Limited and BP Oil UK Limited.