

**BP CHEMICALS LIMITED**  
**(Registered No. 194971)**

**ANNUAL REPORT AND ACCOUNTS 2002**

Board of directors:     M C Buzzacott  
                                 I C Conn

A S Mackenzie  
C P Saunders  
S K Welch

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**REPORT OF THE DIRECTORS**

The directors present their report and accounts for the year ended 31 December 2002.

**Principal activity**

The company and its subsidiary undertakings operate chemicals and plastics manufacturing assets either in their own name or as agents of BP International Limited. It is the intention of the directors that the current business of the company will continue for the foreseeable future.

**Review of activities**

The company has had a satisfactory year and the directors believe this trend will continue. The UK operation made an operating profit of £10,960,000, including an £11,000,000 annual agency fee charged to BP International Ltd. The Wingles branch returned to gross profit during the year, achieved through a combination of increased sales prices, resultant reduced purchase volumes and increased production efficiencies. However, stable distribution, marketing and administration costs meant that the branch still recorded an operating loss of £7,216,000. Despite this, the company is in a good position to take advantage of any opportunities which may arise in the future.

The profit for the year includes the sale of patents and information relating to Butadiene to Butyl Acetate, High Solids Solvents, and Reactive Dilutents technologies to BP Corporation North America Inc. for \$80,539,000 (£52,624,000).

**Results and dividends**

The profit for the year after taxation of £47,198,000 when added to the retained profit brought forward of £65,990,000, together with exchange adjustments taken directly to reserves of £1,558,000, give a total retained profit carried forward at 31 December 2002 of £111,630,000. The directors do not propose the payment of a final dividend.

**Research and development**

The company, on behalf of itself and its subsidiaries, is engaged in a wide range of research and development activities in connection with the manufacture of chemicals and plastics.



**BP CHEMICALS LIMITED**  
**REPORT OF THE DIRECTORS**

**Directors**

The present directors are listed above. Mr M C Buzzacott, Mr A S Mackenzie, Mr D K Peattie, and Mr C P Saunders served as directors throughout the financial year. Changes since 1 January 2002 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
I C Conn	21 November 2002	
B E Grote		21 November 2002
D K Peattie		1 May 2003
S K Welch	1 May 2003	

**Directors' interests**

The interests of the directors holding office at 31 December 2002, other than directors of the ultimate parent undertaking, and their families, in the US \$0.25 ordinary shares of BP p.l.c., were as set out below:

	<u>31 December 2002</u>	<u>1 January 2002</u> (or date of appointment)
M C Buzzacott	242,328	186,660
I C Conn	85,309	85,095
A S Mackenzie	232,289	225,348
D K Peattie	101,080	77,679
C P Saunders	40,595	36,293

In addition, rights to subscribe for US \$0.25 ordinary shares in BP p.l.c were granted to, or exercised by, those directors between 1 January 2002, or date of appointment, and 31 December 2002 as follows:

	<u>Granted</u>	<u>Exercised</u>
M C Buzzacott	131,681	4,774
I C Conn	-	-
A S Mackenzie	130,000	-
C P Saunders	4,400	-
D K Peattie	107,000	4,774

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c at 31 December 2002.

**Policy and practice with respect to payment of suppliers**

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company. A copy of the code of practice may be obtained from the CBI.

The number of days' purchases represented by trade creditors at the year-end was 22.

### **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

### **Employee involvement**

During the year BP group continued its policy of providing employees with information on matters of concern to them. In particular, information relating to group performance and group policies has been readily available to employees through the 'BP World' intranet web-site. A worldwide People Assurance Survey was undertaken to measure employee satisfaction levels with group leadership. Employees were invited to participate in BP share schemes.

### **Auditors**

Ernst & Young LLP will continue in office as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

By order of the Board



Secretary

23 January 2004

Registered Office:  
Britannic House  
1 Finsbury Circus  
London EC2M 7BA

## **BP CHEMICALS LIMITED**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

## **BP CHEMICALS LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF BP CHEMICALS LIMITED**

We have audited the accounts for the year ended 31 December 2002 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 20. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2002 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor  
London.

23 January

2004

## **BP CHEMICALS LIMITED**

### **ACCOUNTING POLICIES**

#### **Accounting Standards**

These accounts are prepared in accordance with applicable UK accounting standards. In preparing the financial statements for the current year, the company has adopted Financial Reporting Standard No. 19 'Deferred tax' (FRS19). The adoption of FRS19 has resulted in a change in accounting policy for deferred tax.

#### **Accounting convention**

The accounts have been prepared under the historical cost convention. Accounts prepared on this basis show the profits available to shareholders and are the most appropriate basis for presentation of the company's balance sheet.

As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No. 1 (Revised), a cash flow statement is not presented in these accounts.

#### **Group accounts**

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 228(1) of the Companies Act 1985. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p.l.c., a company registered in England and Wales.

#### **Stock valuation**

Stocks are valued at cost using the first-in, first-out method, or at net realisable value, whichever is the lower. Stores are stated at or below cost calculated mainly using the average method.

#### **Foreign currencies**

Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange. Income statements are translated at average rates of exchange.

Exchange differences resulting from the retranslation of net investments in foreign currency branches at closing rates, together with differences between income statements translated at average rates and at closing rates of exchange, are dealt with in reserves. Exchange gains and losses arising on long-term foreign currency borrowings used to finance the company's foreign currency investments are also dealt with in reserves.

All other exchange gains or losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit for the year.

## **BP CHEMICALS LIMITED**

### **ACCOUNTING POLICIES**

#### **Depreciation**

Tangible and intangible assets, other than freehold land, are depreciated on the straight line method over their estimated useful lives. The company undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the fixed asset or goodwill is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

#### **Research expenditure**

Expenditure on research is written off in the year in which it is incurred.

#### **Pensions**

Pension costs represent the contributions made to The BP Pension Fund.

In accordance with Statement of Standard Accounting Practice No 24 "Accounting for pension costs" the cost of providing pensions is charged to income on a systematic basis, with pension surpluses and deficits amortised over the expected average remaining service lives of current employees. The difference between the amounts charged to income and contributions made to the pension plans is included within pension provisions or debtors as appropriate.

The transitional disclosures of FRS 17 have been made in the accounts of the ultimate parent holding undertaking.

#### **Deferred taxation**

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of fixed assets, and gains on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over in replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date.

**BP CHEMICALS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	<u>2002</u> £000	<u>2001</u> £000
<b>Turnover</b>	1	348,403	369,888
Cost of sales		(335,066)	(363,942)
<b>Gross profit</b>		13,337	5,946
Distribution and marketing expenses		(5,462)	(6,625)
Administration expenses		(4,197)	(3,390)
Other income	2	66	112
<b>Operating profit/(loss)</b>	3	3,744	(3,957)
Profit on disposal of fixed assets	4	50,564	21,615
<b>Profit on ordinary activities before interest and tax</b>		54,308	17,658
Interest payable and similar charges	5	(3,017)	(2,835)
<b>Profit before taxation</b>		51,291	14,823
Taxation	6	(4,093)	4,085
<b>Retained profit for the year</b>		47,198	18,908

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

	<u>2002</u> £000	<u>2001</u> £000
Retained profit for the year	47,198	18,908
Currency translation differences	(1,558)	427
<b>Total recognised gains and losses for the year</b>	45,640	19,335



**BP CHEMICALS LIMITED**

**BALANCE SHEET AT 31 DECEMBER 2002**

	Note	<u>2002</u> £000	<u>2001</u> £000
<b>Fixed assets</b>			
Intangible assets	8	-	114
Tangible assets	9	40,662	38,991
Investments	10	83,301	83,301
		<hr/>	<hr/>
		123,963	122,406
<b>Current assets</b>			
Stocks	11	11,624	12,094
Debtors - amounts falling due:			
Within one year	12	56,007	15,362
After more than one year	12	11	135
Cash at bank and in hand		35,091	6,907
<b>Creditors - amounts falling due within one year</b>	13	(93,598)	(69,468)
		<hr/>	<hr/>
<b>Net current assets</b>		9,135	(34,970)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		133,098	87,436
<b>Creditors - amounts falling due after more than one year</b>	13	(244)	(222)
		<hr/>	<hr/>
<b>SHAREHOLDERS' INTEREST</b>		132,854	87,214
		<hr/>	<hr/>
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called-up share capital	14	12,500	12,500
Share premium	15	8,724	8,724
Reserves	15	111,630	65,990
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS - EQUITY INTERESTS</b>		132,854	87,214
		<hr/>	<hr/>

*Adrian M. M. M. M.*

Director

23 January 2004

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**1. Turnover**

Turnover, which is stated net of value added tax, comprises amounts invoiced to third parties, all of which falls within the UK geographic area.

	<u>2002</u> £000	<u>2001</u> £000
Geographical analysis:		
United Kingdom	238,077	271,763
Rest of Europe	66,748	64,935
USA	7,329	4,354
Rest of World	36,249	28,836
	<hr/> 348,403 <hr/>	<hr/> 369,888 <hr/>

**2. Other income**

	<u>2002</u> £000	<u>2001</u> £000
Interest income from fellow subsidiary undertakings	25	34
Other interest and miscellaneous income	41	78
	<hr/> 66 <hr/>	<hr/> 112 <hr/>

**3. Operating profit/(loss)**

This is stated after charging:

	<u>2002</u> £000	<u>2001</u> £000
Expenditure on research written off	31,810	34,900
Depreciation of owned fixed assets	3,200	3,093
Auditors' remuneration:		
Overseas fees	25	20
	<hr/>	<hr/>

The UK auditors' remuneration is dealt with in the accounts of the parent undertaking.

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**4. Exceptional items**

Exceptional items comprise the profit on disposal of intangible and tangible fixed assets as follows:

	<u>2002</u> £000	<u>2001</u> £000
Sale of technology and patents	52,624	21,670
Exchange loss on sale	(2,060)	-
Loss on disposal of tangible fixed assets	-	(55)
	<hr/>	<hr/>
Taxation credit/(charge)	-	-
	<hr/>	<hr/>
Exceptional items, net of tax	50,564	21,615
	<hr/> <hr/>	<hr/> <hr/>

The profit for the year includes the sale of patents and information relating to Butadiene to Butyl Acetate, High Solids Solvents, and Reactive Dilutents technologies to BP Corporation North America Inc. for \$80,539,000 (£52,624,000).

The profit for the 2001 includes the sale of patents and technology relating to the production of Polyketones to BP Corporation North America Inc. for \$31,287,000 (£21,670,000).

**5. Interest payable and similar charges**

	<u>2002</u> £000	<u>2001</u> £000
Group interest	3,017	2,835
	<hr/> <hr/>	<hr/> <hr/>

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**6. Taxation**

United Kingdom taxation

The Company is a member of a group for the purposes of relief under Section 402 of the Income & Corporation Taxes Act 1988. No corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of free group relief to the extent it is required and to provide for any current or deferred tax that arises.

**(a) Tax on profit on ordinary activities**

The tax charge is made up as follows:

	<u>2002</u>	<u>2001</u>
	£000	£000
<i>Current tax</i>		
Corporation tax at 30% (2001: 30%)	-	-
<i>Foreign tax</i>		
Tax on income for the period	4,093	1,267
Adjustments in respect of prior periods	-	(2,890)
<i>Deferred tax</i>		
Foreign tax	-	(2,462)
<b>Tax on profit on ordinary activities</b>	<u>4,093</u>	<u>(4,085)</u>

**(b) Factors affecting the current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher/(lower) than the standard rate of corporation tax in the UK of 30% (2001 – 30%). The differences are reconciled below:

	<u>2002</u>	<u>2001</u>
	%	%
UK statutory corporation tax rate:	30	30
Increase/(decrease) resulting from:		
Timing differences	(2)	(9)
Overseas withholding tax	8	9
Adjustment to prior year overseas tax	-	(20)
Gain reduced by capital loss	-	(44)
Permanent differences	(2)	(4)
Group relief	(26)	27
<b>Effective current tax rate</b>	<u>8</u>	<u>(11)</u>

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**7. Directors and employees**

**(a) Remuneration of directors**

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2001: £Nil).

	<u>2002</u> £000	<u>2001</u> £000
(b) Employee costs		
Wages and salaries	167,771	153,011
Termination payments	17,201	1,028
Social security costs	7,461	11,945
Pension costs	(1,861)	(40,290)
	<hr/> 190,572 <hr/>	<hr/> 125,694 <hr/>

**(c) Average number of employees during the year**

	<u>2002</u>		<u>2001</u>	
	UK	Non-UK	UK	Non-UK
Manufacturing	2,181	124	2,464	124
Distribution & marketing	41	15	180	16
Administration	651	51	448	56
	<hr/> 2,873 <hr/>	<hr/> 190 <hr/>	<hr/> 3,092 <hr/>	<hr/> 196 <hr/>

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**8. Intangible assets**

	<u>Software</u>
	£000
<b>Cost</b>	
At 1 January 2002	826
Transfers from tangible assets	-
Exchange adjustments	-
	<hr/>
<b>At 31 December 2002</b>	<b>826</b>
	<hr/>
<b>Depreciation</b>	
At 1 January 2002	712
Charge for the year	118
Exchange adjustments	(4)
	<hr/>
<b>At 31 December 2002</b>	<b>826</b>
	<hr/>
<b>Net book value</b>	
At 31 December 2002	-
	<hr/>
At 31 December 2001	114
	<hr/>
Depreciation rate: 20%	

**BP CHEMICALS LIMITED**  
**NOTES TO THE ACCOUNTS**

**9. Tangible assets**

	<u>Land and buildings</u> £000	<u>Plant and machinery</u> £000	<u>Total</u> £000
<b>Cost</b>			
At 1 January 2002	3,915	75,806	79,721
Exchange adjustments	278	4,449	4,727
Additions	82	3,684	3,766
Deletions	-	-	-
Transfers to intangible assets	-	-	-
<b>At 31 December 2002</b>	<u>4,275</u>	<u>83,939</u>	<u>88,214</u>
<b>Depreciation</b>			
At 1 January 2002	2,434	38,296	40,730
Exchange adjustments	176	3,564	3,740
Charge for the year	139	2,943	3,082
Deletions	-	-	-
<b>At 31 December 2002</b>	<u>2,749</u>	<u>44,803</u>	<u>47,552</u>
<b>Net book value</b>			
At 31 December 2002	<u>1,526</u>	<u>39,136</u>	<u>40,662</u>
At 31 December 2001	<u>1,481</u>	<u>37,510</u>	<u>38,991</u>
Depreciation rates: 5% to 25%			

Included in land and buildings is freehold land valued at £1,122,000 (2001: £1,056,000) which is not depreciated.

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**10. Fixed assets - investments**

	<u>Subsidiary</u> <u>undertakings</u> £000
<b>Cost</b>	
At 1 January 2002	83,578
Additions	-
At 31 December 2002	<u>83,578</u>
<b>Amounts provided</b>	
At 1 January 2002	277
Provided in the year	-
At 31 December 2002	<u>277</u>
<b>Net book value</b>	
At 31 December 2002	<u>83,301</u>
At 31 December 2001	<u>83,301</u>

The investments in the subsidiary undertakings are unlisted.

In the opinion of the directors, the value of shares and loans in the company's subsidiary undertakings is not less than the amounts at which they are shown in the balance sheet.

The more important subsidiary undertakings of the company at 31 December 2002 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name. A complete list of investments in subsidiary and associated undertakings will be attached to the parent company's annual return made to the Registrar of Companies.

<b>Subsidiary Undertakings</b>	<b>%</b>	<b>Country of incorporation</b>	<b>Shares held</b>
BXL Plastics Ltd	100	England & Wales	Ordinary
BXL Plastics Ltd	100	England & Wales	Deferred
BP Chemicals (Korea) Ltd	100	England & Wales	Ordinary
BP Korea Marketing Ltd	100	England & Wales	Ordinary
BP Chemicals Asia Pacific Services Ltd	100	England & Wales	Ordinary
BP World-Wide Technical Services Ltd	100	England & Wales	Ordinary
Baglan Cogeneration Company	100	England & Wales	Ordinary
Baglan Energy Park Operating Company Limited	100	England & Wales	Ordinary
Bakelite UK Limited	100	England & Wales	Ordinary
BP Sutton Limited	100	England & Wales	Ordinary
Neath Canal Navigation	84.62	England & Wales	Ordinary



**BP CHEMICALS LIMITED****NOTES TO THE ACCOUNTS****11. Stocks**

	<u>2002</u>	<u>2001</u>
	£000	£000
Raw materials	2,369	4,090
Finished products	7,408	6,543
Stores	1,847	1,461
	<u>11,624</u>	<u>12,094</u>

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

**12. Debtors**

	<u>2002</u>		<u>2001</u>	
	Within 1 year £000	After 1 year £000	Within 1 year £000	After 1 year £000
Trade	47	-	51	-
Parent and fellow subsidiary undertakings	48,178	-	11,859	-
Taxation recoverable	4,817	-	3,452	-
Other	2,965	11	-	135
	<u>56,007</u>	<u>11</u>	<u>15,362</u>	<u>135</u>

**13. Creditors**

	<u>2002</u>		<u>2001</u>	
	Within 1 year £000	After 1 year £000	Within 1 year £000	After 1 year £000
Bank overdrafts	-	-	6	-
Trade	4,587	-	3,165	-
Parent and fellow subsidiary undertakings	72,068	-	58,396	-
Taxation on profits	2,572	-	-	-
Social security	-	-	478	-
Accruals and deferred income	11,485	-	5,032	-
Other	2,886	244	2,391	222
	<u>93,598</u>	<u>244</u>	<u>69,468</u>	<u>222</u>

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**14. Called up share capital**

	<u>2002</u> £000	<u>2001</u> £000
Authorised, allotted called up and fully paid 12,500,000 Ordinary shares of £1 each	12,500	12,500

**15. Reconciliation of shareholders' funds and movements on reserves**

	<u>Equity</u> <u>share</u> <u>capital</u> £000	<u>Share</u> <u>premium</u> <u>account</u> £000	<u>Profit &amp;</u> <u>Loss</u> <u>account</u> £000	<u>Total</u> £000
At 1 January 2001	12,500	8,724	46,655	67,879
Profit for the year	-	-	18,908	18,908
Currency translation differences	-	-	427	427
At 1 January 2002	12,500	8,724	65,990	87,214
Profit for the year	-	-	47,198	47,198
Currency translation differences	-	-	(1,558)	(1,558)
At 31 December 2002	12,500	8,724	111,630	132,854

**16. Capital commitments**

Authorised and contracted future capital expenditure is estimated at £nil (2001: £nil)

**17. Operating lease commitments**

At 31 December the company had annual commitments under other non-cancellable operating leases as set out below:

	<u>2002</u> £000	<u>2001</u> £000
Expiring:		
Within 1 year	17	86
Between 2 and 5 years	17	34

## **BP CHEMICALS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **18. Pensions**

The BP group's principal pension plan in the UK (the BP Pension Fund) is separately funded and provides benefits that are computed based on an employee's years of service and final pensionable salary. Contributions are made to the BP Pension fund on the basis of advice from independent actuaries, using actuarial methods the objective of which is to provide adequate funds to meet pension obligations as they fall due, and are based on pension costs in respect of all members of the fund. Having regard to the overall position of the fund actuarial surpluses and deficiencies are amortised over the expected remaining service lives of members of this company. Details of the most recent actuarial valuation of the BP Pension Fund as at 1 January 2002 are included within the financial statements of the ultimate parent undertaking.

The credit to profit for the year for pensions is £1,861,000 (2001: £40,290,000).

#### **19. Related party transactions**

The company has taken advantage of the exemption contained within Financial Reporting Standard 8 "Related Party Disclosures", and has not disclosed transactions with group companies. There were no other related party transactions on the year.

#### **20. Ultimate parent undertaking**

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the Company is a member, is BP p.l.c, a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.