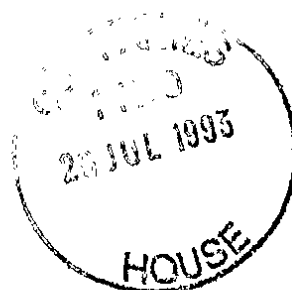


BP CHEMICALS LIMITED

ANNUAL REPORT AND ACCOUNTS 1992

REGISTERED NUMBER : 194971



BP CHEMICALS LIMITED

ANNUAL REPORT AND ACCOUNTS - 1992

Board of Directors	B K Sanderson (Chairman)
	Dr J G Buchanan
	M C Buzzacott
	A J S Hooper
	P A Pearson
	S R Pettit
	Dr J K Robinson

REPORT OF THE DIRECTORS

The Directors submit their report and accounts for the year ended 31 December 1992.

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.

FINANCIAL REVIEW

The profit for the year was £57,647,000 which has been added to profits brought forward of £57,777,000. An interim dividend for 1992 of £75,000,000 was declared and paid. After exchange gains of £2,306,000 retained profit is £35,550,000.

REVIEW OF ACTIVITIES

In February 1992 the company sold its investment in Acell Investments Limited.

On 30 September 1992 the company sold Hythe Chemicals Limited to Inspec Group Limited.

In February 1993 the company increased its investment in BP Chemicals (Korea) Limited by subscribing for 39,999,900 ordinary shares of £1 each..

RESEARCH & DEVELOPMENT

The company, on behalf of itself and its subsidiaries, was 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 (Continued)****DIRECTORS**

Mr B K Sanderson, Dr J G Buchanan and Mr A J S Hooper served as directors throughout the financial year. On 16 November 1992 Mr J D Campbell resigned and Mr M C Buzzacott, Mr P A Pearson and Mr S R Pettit were appointed directors. Dr J K Robinson was appointed a director on 1 May 1993.

The interests of the directors holding office on 31 December 1992, and their families, in the shares of The British Petroleum Company p.l.c. were as set out below:

	Type of Share	1 January 1992 or date of appointment	31 December 1992
B K Sanderson	25p Ordinary	4,187	34,159
J G Buchanan	25p Ordinary	9,742	11,456
M C Buzzacott	25p Ordinary	6,610	6,610
A J S Hooper	25p Ordinary	12,148	12,719
P A Pearson	25p Ordinary	12,567	12,567
S R Pettit	25p Ordinary	5,955	5,955

Rights to subscribe for 25p Ordinary Shares were granted to, or exercised by, the directors between 1 January and 31 December 1992 as follows:

	Granted	Exercised
B K Sanderson	3,640	Nil
J G Buchanan	3,640	Nil
M C Buzzacott	Nil	Nil
A J S Hooper	Nil	Nil
P A Pearson	Nil	Nil
S R Pettit	Nil	Nil

None of the Directors had any interest in the shares or the debentures of subsidiary undertakings of The British Petroleum Company p.l.c. at 31 December 1992.

BP CHEMICALS LIMITED**REPORT OF THE DIRECTORS (Continued)**

During the year insurance was purchased and maintained by the ultimate parent undertaking for the directors and officers of the Company against the financial consequences of actions brought against them by outside parties for their acts or omissions in the performance of their duties.

EQUAL OPPORTUNITY

It is the policy of the BP Group to develop and maintain a working environment, terms and conditions, and employment practices and procedures which will ensure that no job applicant or employee receives less favourable treatment on the grounds of race, religion, colour, nationality, ethnic or national origins, sex or marital status.

EMPLOYMENT OF DISABLED PERSONS

With respect to disabled persons, the aim is to enable those with the appropriate skills and qualifications to have equal opportunities to seek and maintain employment with the Company. Wherever practicable, the Company will retain in employment those employees who become disabled and, in line with the Company's normal practice, they will be given equal consideration to all other employees for training and development, to enable them to fulfil their potential.

EMPLOYEE INVOLVEMENT

The aim of BP Chemicals Limited's employee involvement policies is to promote a better understanding of the issues influencing the Company's business, to improve performance and productivity, to enhance the quality of working life, and to gain the commitment of all concerned to the Company's objectives, and to provide opportunities for employees to express their views on workplace and other matters of interest or concern to them.

However the Company does not, in general, impose a uniform set of employee involvement arrangements, preferring that Managers adopt, in consultation with their employees, arrangements best suited to the particular circumstances. There is emphasis at the work-unit level on regular manager/ employee discussion on work-related and other issues, and there is a wide range and variety of consultative committees, at some of which general topics can be and are discussed while others are for dealing with particular subjects such as health and safety, pension arrangements, or catering facilities.

BP CHEMICALS LIMITED

REPORT OF THE DIRECTORS (Continued)

EMPLOYEE INVOLVEMENT (Continued)

Further opportunities for employee involvement are provided by the system of Quality Work Group meetings which are established throughout the Company as a key element of the Total Quality Management Programme.

Company periodicals give extensive coverage to business issues, as well as social, sporting and other leisure interests of employees and their families. Further information about BP Chemicals and about other Companies in the BP Group is included in the Group magazine "BP Shield" and in the Group's quarterly video programme "Pipeline", both of which are readily available to all employees.

A high proportion of employees take part in the BP Group Participating Share Scheme and/or SAYE share option scheme, and on this basis receive all information available to BP Group shareholders.

HEALTH, SAFETY & ENVIRONMENT

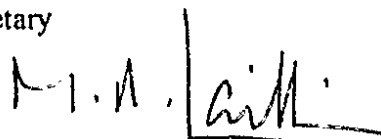
BP Chemicals, in supporting the principles of responsible care and the BP Group's Health, Safety and Environment strategy, is striving to become an industry leader in this area. By setting tough emission control targets, investing in cleaner manufacturing technologies and developing innovative and safe products which do not harm the environment, the company seeks to win the public's trust and thus earn its licence to operate.

The company is adopting an honest and open communications policy to ensure that the communities in which it operates understand fully the nature of those operations.

AUDITORS

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly Ernst & Young are deemed to be re-appointed for the succeeding financial year.

By order of the Board
Secretary



(M. A. L. AITKEN)

Britannic House
1 Finsbury Circus
London EC2M 7BA

9 July 1985

BP CHEMICALS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1992**

		1992 £000	1991 £000
Turnover	Note 2	505,925	423,879
Cost of sales		438,349	358,563
Gross profit		67,576	65,316
Distribution and administration expenses	3	6,149	5,350
Other income	4	2,017	17
Operating profit		63,444	59,983
Interest expense	5	1,632	3,763
Amounts written off investments		-	10,921
Loss on sale of investment		4,165	-
Profit on ordinary activities before taxation		57,647	45,299
Taxation	10	7,180	1,100
Profit for the year		50,467	44,199
Dividends	11	75,000	25,000
Retained (loss) / profit for the year		(24,533)	19,199
Retained profit at 1 January		57,777	38,170
Exchange gain on translation		2,306	408
Retained profit at 31 December		35,550	57,777

BP CHEMICALS LIMITEDBALANCE SHEET AT 31 DECEMBER 1992

		1992 £000	1991 £000
	Note		
Fixed assets			
Tangible assets	12	25,139	22,260
Investments	13	40,551	57,105
		<hr/> 65,690	<hr/> 79,365
Current assets			
Stocks	14	10,149	10,075
Debtors amounts falling due within one year	15	74,311	96,060
Debtors amounts falling due after more than one year	15	94,169	78,752
Cash at bank and in hand		2,399	11,177
		<hr/> 181,028	<hr/> 196,064
Less:			
Creditors amounts falling due within one year	16	187,830	194,360
Net current assets / (liabilities)		<hr/> (6,802)	<hr/> 1,704
Total assets less current liabilities		58,888	81,069
Creditors amounts falling due after more than one year	16	2,114	2,068
Shareholders' interest		<hr/> 56,774	<hr/> 79,001
Represented by:			
Capital and reserves			
Called-up share capital	17	12,500	12,500
Share premium account		8,724	8,724
Profit and loss account		35,550	57,777
		<hr/> 56,774	<hr/> 79,001

Bryan K Sanderson } Director

(BRYAN K SANDERSON)

9 July 1993

BP CHEMICALS LIMITED**NOTES TO THE ACCOUNTS****1. Accounting Policies**

- (a) The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (b) Group accounts are not submitted as BP Chemicals Limited is a wholly-owned subsidiary undertaking in the BP Group of Companies. Income of associated undertakings is dealt with in the accounts of the ultimate parent undertaking and only dividend income received is reflected in these accounts.

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

- (c) Expenditure on research is written off in the year in which it is incurred.
- (d) Depreciation on tangible assets is calculated on a straight line basis over their estimated useful lives.
- (e) Stocks of products are valued at the lower of cost, including overheads where applicable, and net realisable value.
- (f) Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange; profit and loss accounts are translated at average rates of exchange. Exchange differences resulting from the translation at closing rates of net investments in foreign currency branches, together with differences between profit and loss accounts translated at average rates and at closing rates, are dealt with in retained profits. 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.
- (g) Deferred taxation is calculated using the liability method. Provision is made where timing differences are expected to reverse in the foreseeable future.
- (h) Pension costs represent the contributions made to The BP Pension Fund

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

	1992 £000	1991 £000
2. <u>Turnover</u>		
Turnover comprises gross proceeds, royalties, recoverable expenditure and management fee.		
Geographical analysis		
United Kingdom	403,239	308,321
Rest of Europe	102,662	115,558
Rest of World	24	-
	<hr/> 505,925 <hr/>	<hr/> 423,879 <hr/>
3. <u>Distribution and Administration Expenses</u>		
Distribution	257	159
Administration	5,892	5,191
	<hr/> 6,149 <hr/>	<hr/> 5,350 <hr/>
4. <u>Other Income</u>		
Subsidiary undertakings - dividends	2,000	-
Trade investment - dividend	17	17
	<hr/> 2,017 <hr/>	<hr/> 17 <hr/>

BP CHEMICALS LIMITED**NOTES TO THE ACCOUNTS (Continued)**

	1992 £000	1991 £000
5. <u>Interest Expense</u>		
Fellow subsidiary undertakings	1,911	4,000
Other interest	2	7
Less Interest received	281	244
Net Interest	1,632	3,763
6. <u>Depreciation</u>		
Depreciation charged for year	3,746	2,897
7. <u>Auditors' Remuneration</u>		
Overseas fees and expenses	31	35
The cost of UK audit fees and expenses and fees for other services provided by the auditors is borne by BP International Limited		
8. <u>Research and Development</u>		
Expenditure on research	55,024	58,261
9. <u>Directors and Employees</u>		
Employee costs		
Wages and salaries	150,053	151,967
Termination payment	26,574	2,349
Social Security costs	13,575	12,807
Pension costs	6,510	(8,439)
	196,712	158,684

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

9. Directors and Employees (Continued)

Average Employee Numbers

	<u>1992</u>		<u>1991</u>	
	UK	Non-UK	UK	Non-UK
Manufacturing	4,008	328	4,780	330
Distribution & Marketing	278	43	304	43
Administration	291	35	326	35
	-----	-----	-----	-----
	4,577	406	5,410	408
	-----	-----	-----	-----

The Chairman and the remaining directors are senior executives of, and are remunerated by, The British Petroleum Company p.l.c. or a subsidiary undertaking thereof and received no remuneration for services provided to this company or its subsidiaries.

Pensions

The company is a participating employer in the BP Group's principal UK pension plan (The BP Pension Fund). 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. Actuarial surpluses and deficiencies are amortised over the expected remaining service lives of members and charged or credited to income as appropriate in the accounts of BP International Limited, a fellow subsidiary undertaking, having regard to the overall position of the Fund. Particulars of the most recent actuarial valuation of The BP Pension Fund as at 1 January 1991 are included within the financial statements of the ultimate parent undertaking.

BP CHEMICALS LIMITED**NOTES TO THE ACCOUNTS (Continued)****10. Taxation**

	1992 £000	1991 £000
United Kingdom Taxation		
Current at 33% (1991 33.25%)	5,834	1,100
Overseas Tax Relief	(5,834)	(1,100)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Overseas Taxation	7,180	1,100
	<hr/>	<hr/>
	7,180	1,100
	<hr/>	<hr/>

The company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act 1988. The corporation tax liability for the year has been partially covered by double tax relief and owing to the availability of group relief, no provision has been made in the accounts of this company for the balance of the liability. The group's current corporation tax liability has been provided in the accounts of BP International Limited, a fellow subsidiary undertaking.

Provision for deferred taxation has been made in the accounts of BP International Limited, a fellow subsidiary undertaking, having regard to the group deferred taxation position.

The gross potential liability of this company for deferred taxation at 31 December 1992 of £2,734,000 (1991 £2,441,000) comprises tax at 33% on timing differences principally between the accounting and tax treatment of depreciation. If provision for deferred taxation had been made in the accounts there would have been a charge for the year of £293,000 (1990 £376,000).

11. Dividends

An interim dividend paid during the year of £75,000,000.

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

12. Tangible Assets

Chemicals Fixed Assets	£000
Cost	
At 1 January 1992	42,642
Exchange adjustments	6,776
Additions	3,178
Deletions	(754)

At 31 December 1992	51,842

Depreciation	
At 1 January 1992	20,382
Exchange adjustments	3,238
Provided for year	3,746
Deletions	(663)

At 31 December 1992	26,703

Net book amount	
At 31 December 1992	25,139

At 31 December 1991	22,260

Depreciation rates: 5% to 25%	
Included within above assets:	
Freehold land at net book amount	
At 31 December 1991	771
Additions	40
Exchange adjustment	123

At 31 December 1992	934

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

13. Fixed Assets - Investments

	Subsidiary undertakings £000	Associated undertakings £000	Trade investment £000	Total £000
Cost:				
At 1 January 1992	52,545	18,258	159	70,962
Additions	100	-	-	100
Deletions	(12,598)	(16,396)	-	(28,994)
At 31 December 1992	40,047	1,862	159	42,048
Amounts provided:				
At 1 January 1992	1,517	12,340	-	13,857
Deletions	-	(12,340)	-	(12,340)
At 31 December 1992	1,517	-	-	1,517
Net book amount:				
At 31 December 1992	38,530	1,862	159	40,551
At 31 December 1991	51,028	5,918	159	57,105

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

Listed below are the more important subsidiary and associated undertakings at 31 December 1992, all of which are directly held and engaged in chemical activities. A full list of investments in subsidiary undertakings will be attached to the Company's annual return.

The investments in subsidiary and associated undertakings are entirely unlisted. The trade investment is valued by the directors at cost.

BP CHEMICALS LIMITED**NOTES TO THE ACCOUNTS (Continued)****13. Fixed Assets - Investments (Continued)**

Subsidiary Undertakings:	Country of Registration	Shares Held	Percentage
BXL Plastics Ltd	England & Wales	Ordinary	100
BXL Plastics Ltd	England & Wales	Deferred	100
Honeywill & Stein Ltd	England & Wales	Ordinary	100
The Robert McBride Group Ltd	England & Wales	Ordinary	100
The Robert McBride Group Ltd	England & Wales	Preference	100
BP Chemicals (Korea) Ltd	England & Wales	Ordinary	100
BP Chemicals Marketing Ltd	England & Wales	Ordinary	100
BP Chemicals Technical Services Ltd	England & Wales	Ordinary	100
Nexton Chemical Company Ltd	England & Wales	Ordinary	60

Associated Undertakings:

Kooltherm Insulation Products Ltd	England & Wales	Ordinary	50
-----------------------------------	-----------------	----------	----

The aggregate amount of the capital and reserves, together with profits or losses of the above associated undertakings are as shown below. The figure for Kooltherm Insulation Products Limited represents the position shown in the latest annual accounts for the year ended 31 March 1992.

	Capital & Reserves	(Loss)/Profit for year
	£000	£000
Kooltherm Insulation Products Ltd	2,181	(825)
	-----	-----
14. <u>Stocks</u>	1992	1991
	£000	£000
Raw materials	2,295	2,151
Finished products	5,730	6,163
Stores	2,124	1,761
	-----	-----
	10,149	10,075
	-----	-----

The difference between purchase price or production of stocks and their replacement cost is not material.

BP CHEMICALS LIMITED**NOTES TO THE ACCOUNTS (Continued)**15. Debtors

	1992		1991	
	Due Within 1 Year £000	Due After 1 Year £000	Due Within 1 Year £000	Due After 1 Year £000
Trade	222	-	466	-
Subsidiary undertakings	26,479	55,300	42,410	76,020
Parent undertakings	-	36,447	-	870
Fellow subsidiary undertakings	38,576	-	39,596	-
Taxation recoverable	3,387	-	2,859	-
Other	5,647	2,422	10,729	1,862
	<u>74,311</u>	<u>94,169</u>	<u>96,060</u>	<u>78,752</u>

16. Creditors

	Due Within 1 Year £000	Due After 1 Year £000	Due Within 1 Year £000	Due After 1 Year £000
Bank overdrafts	823	-	992	-
Trade	5,241	-	4,820	-
Subsidiary undertakings	1,819	2,002	25,977	2,002
Fellow subsidiary undertakings	63,228	-	95,801	-
Parent undertakings	104,558	-	61,583	-
Accruals	806	-	51	-
Taxation payable	4,602	-	754	-
Social Security costs	1,138	-	921	-
Other	5,615	112	3,461	66
	<u>187,830</u>	<u>2,114</u>	<u>194,360</u>	<u>2,068</u>

BP CHEMICALS LIMITED**NOTES TO THE ACCOUNTS (Continued)****17 Called-up Share Capital - Ordinary Shares**

	1992 Shares	1992 £000	1991 Shares	1991 £000
Authorised	12,500,000	12,500	12,500,000	12,500
Allotted and fully paid	12,500,000	12,500	12,500,000	12,500

18. Capital Commitments

Authorised future capital expenditure is estimated at £10,096,000 (1991 - £8,097,000) including approximately £3,170,000 (1991 - £3,322,000) for which contracts have been placed.

19. 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 The British Petroleum Company p.l.c., a company registered in England and Wales.

Copies of the accounts of The British Petroleum Company p.l.c. can be obtained from the Company Secretary at The British Petroleum Company p.l.c., Britannic House, 1 Finsbury Circus, London, EC2M 7BA.

BP CHEMICALS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS
OF BP CHEMICALS LIMITED

We have audited the accounts on pages 5 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1992 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

Ernst & Young