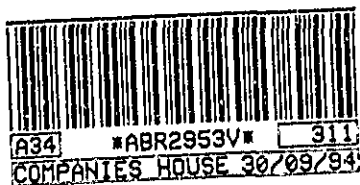


05-10-1994

BP CHEMICALS LIMITED

ANNUAL REPORT AND ACCOUNTS 1993

REGISTERED NUMBER : 194971



## BP CHEMICALS LIMITED

### ANNUAL REPORT AND ACCOUNTS - 1993

#### Board of Directors

B K Sanderson (Chairman)  
J A Barlow  
Dr J G Buchanan  
M C Buzzacott  
P A Pearson  
Dr J K Robinson

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#### REPORT OF THE DIRECTORS

The Directors submit their report and accounts for the year ended 31 December 1993.

#### 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 retained profit for the year was £9,582,000 which has been added to profits brought forward of £35,550,000. An interim dividend for 1993 of £30,000,000 was declared and paid. After an exchange loss of £899,000 retained profit is £44,233,000.

#### REVIEW OF ACTIVITIES

In April 1993 the company transferred its investment in Mebon Limited to BP International.

In June 1993 the company sold its shares in The Robert McBride Group Limited.

#### 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 LIMITEDREPORT OF THE DIRECTORS (Continued)DIRECTORS

Mr B K Sanderson, Dr J G Buchanan, Mr A J S Hooper, Mr M C Buzzacott, Mr P A Pearson and Mr S R Pettit were directors throughout the financial year. Dr J K Robinson was appointed a director with effect from 1 May 1993; Mr J A Barlow was appointed a director in place of Mr Pettit with effect from 11 February 1994. Mr A J S Hooper resigned on 7 September 1994.

The interests of the directors holding office on 31 December 1993, and their families, in the shares of The British Petroleum Company p.l.c. were as set out below:

	Type of Share	1 January 1993 or date of appointment	31 December 1993
B K Sanderson	25p Ordinary	34,159	35,407
J G Buchanan	25p Ordinary	11,456	58,016
M C Buzzacott	25p Ordinary	6,610	8,057
A J S Hooper	25p Ordinary	12,719	14,442
P A Pearson	25p Ordinary	12,567	16,547
S R Pettit	25p Ordinary	5,955	7,258
J K Robinson	25p Ordinary	Nil	Nil

Rights to subscribe for 25p Ordinary shares in The British Petroleum Company p.l.c. were granted to, or exercised by, the directors between 1 January 1993, or date of appointment, and 31 December 1993 as follows:

	Granted	Exercised
B K Sanderson	Nil	Nil
J G Buchanan	Nil	52,500
M C Buzzacott	Nil	13,200
A J S Hooper	Nil	Nil
P A Pearson	2,782	3,200
S R Pettit	Nil	13,200
J K Robinson	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 1 January 1993, or date of appointment and at 31 December 1993.

**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  
ASSISTANT Secretary

Britannic House  
1 Finsbury Circus  
London EC2M 7BA

*Blair* (B. Blair)

14 September 1994

**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;
- *prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

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

We have audited the accounts on pages 7 to 19 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and on the basis of the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 5, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 the company's affairs as at 31 December 1993 and of its 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

*14 September 1994*

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BP CHEMICALS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993**

		1993 £000	1992 £000
Turnover - continuing activities	Note 2	483,697	505,925
Cost of sales		(427,795)	(438,349)
Gross profit		55,902	67,576
Distribution and administration expenses	3	(6,344)	(6,149)
Other income	4	16	2,017
Operating profit - continuing activities		49,574	63,444
Interest expense	5	(741)	(1,632)
Loss on sale of investment		(830)	(4,165)
Profit on ordinary activities before taxation		48,003	57,647
Taxation	10	(8,421)	(7,180)
Profit on ordinary activities after taxation		39,582	50,467
Dividends	11	(30,000)	(75,000)
Retained profit/(loss) for the year		9,582	(24,533)
Retained profit at 1 January		35,550	57,777
Exchange (loss)/gain on translation		(899)	2,306
Retained profit at 31 December		44,233	35,550
		=====	=====

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £9,582,000 in the year ended 31 December 1993 and a loss of £24,533,000 in the year ended 31 December 1992.



BP CHEMICALS LIMITEDBALANCE SHEET AT 31 DECEMBER 1993

		1993 £000	1992 £000
	Note		
Fixed assets			
Tangible assets	12	24,215	25,139
Investments	13	75,267	40,551
		-----	-----
		99,482	65,690
Current assets			
Stocks	14	9,859	10,149
Debtors amounts falling due within one year	15	20,936	74,311
Debtors amounts falling due after more than one year	15	123,448	94,169
Cash at bank and in hand		7,948	2,399
		-----	-----
		162,191	181,028
Less:			
Creditors amounts falling due within one year	16	189,338	187,830
		-----	-----
Net current liabilities		(27,147)	(6,802)
		-----	-----
Total assets less current liabilities		72,335	58,888
Creditors amounts falling due after more than one year	16	4,065	2,114
Provision for liabilities and charges	17	2,813	-
		-----	-----
Shareholders' interest		65,457	56,774
		=====	=====
Represented by:			
Capital and reserves			
Called-up share capital	18	12,500	12,500
Share premium account		8,724	8,724
Profit and loss account		44,233	35,550
		-----	-----
		65,457	56,774
		=====	=====

*Bryan K Sanderson*  
 Director  
 (B.K. SANDERSON)  
 14 September 1994

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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)

2. Turnover

Turnover is attributable to one continuing activity and comprises gross proceeds, royalties, recoverable expenditure and management fee.

	1993 £000	1992 £000
Geographical analysis		
United Kingdom	386,857	403,239
Rest of Europe	96,515	102,662
Rest of World	325	24
	<u>483,697</u>	<u>505,925</u>

3. Distribution and Administration Expenses

Distribution	212	257
Administration	6,132	5,892
	<u>6,344</u>	<u>6,149</u>

4. Other Income

Subsidiary undertakings - dividends	-	2,000
Trade investment - dividend	16	17
	<u>16</u>	<u>2,017</u>
	=====	=====

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

	1993 £000	1992 £000
5. <u>Interest Expense</u>		
Fellow subsidiary undertakings	939	1,911
Other interest	4	2
Less Interest received	202	281
	<u>741</u>	<u>1,632</u>
6. <u>Depreciation</u>		
Depreciation charged for year	<u>3,880</u>	<u>3,746</u>
7. <u>Auditors' Remuneration</u>		
Overseas fees and expenses	<u>44</u>	<u>31</u>

The cost of UK audit fees and expenses and fees for other services provided by the auditors is borne by BP International Limited

	1993 £000	1992 £000
8. <u>Research and Development</u>		
Expenditure on research	<u>58,819</u>	<u>55,024</u>
9. <u>Directors and Employees</u>		
Employee costs		
Wages and salaries	119,849	150,053
Termination payment	8,321	26,574
Social Security costs	13,276	13,575
Pension costs	(750)	6,510
	<u>140,696</u>	<u>196,712</u>

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

9. Directors and Employees (Continued)

Average Employee Numbers

	<u>1993</u>		<u>1992</u>	
	UK	Non-UK	UK	Non-UK
Manufacturing	2,950	287	4,008	328
Distribution & Marketing	321	69	278	43
Administration	1,033	36	291	35
	<u>4,304</u>	<u>392</u>	<u>4,577</u>	<u>406</u>

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.

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BP CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

10. Taxation

	1993 £000	1992 £000
United Kingdom Taxation		
Current at 33% (1992 33%)	5,241	5,834
Overseas Tax Relief	(5,241)	(5,834)
	-----	-----
	-	-
	-----	-----

The company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act 1988. Corporation Tax has been provided at 33% (1992 33%) on the taxable profits for the year and is fully covered by the double tax relief.

Provision for deferred UK taxation is not required.

Overseas Taxation	1993 £000	1992 £000
Corporation Tax at 33.1/3% (1992 34%)	3,304	5,213
Other current overseas tax	2,304	,967
Deferred tax - France	2,813	-
	-----	-----
Total	8,421	7,180
	=====	=====

11. Dividends

An interim dividend paid during 1993 amounted to £30,000,000.

BP CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

12. Tangible Assets

Chemicals Fixed Assets	£000
Cost	
At 1 January 1993	51,842
Exchange adjustments	(1,967)
Additions	4,011
Deletions	(427)
	-----
At 31 December 1993	53,459
	-----
Depreciation	
At 1 January 1993	26,703
Exchange adjustments	(1,015)
Provided for year	3,880
Deletions	(324)
	-----
At 31 December 1993	29,244
	-----
Net book amount	
At 31 December 1993	24,215
	-----
At 31 December 1992	25,139
	-----
Depreciation rates: 5% to 25%	
Included within above assets:	
Freehold land at net book amount	
At 31 December 1992	934
Additions	-
Exchange adjustment	(35)
	-----
At 31 December 1993	899
	-----

BP CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

13. Fixed Assets - Investments

	Subsidiary under- takings £000	Associated under- takings £000	Trade inves'tment £000	Total £000
Cost:				
At 1 January 1993	40,047	1,862	159	42,048
Additions	40,000	-	-	40,000
Deletions	(5,284)	-	-	(5,284)
At 31 December 1993	74,763	1,862	159	76,784
Amounts provided:				
At 1 January 1993	1,517	-	-	1,517
At 31 December 1993	1,517	-	-	1,517
Net book amount:				
At 31 December 1993	73,246	1,862	159	75,267
At 31 December 1992	38,530	1,862	159	40,551

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 1993, 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
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
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 1993.

	Capital & Reserves	(Loss)/Profit for year
	£000	£000
Kooltherm Insulation Products Ltd	1,721	(460)
	<hr/>	<hr/>
14. <u>Stocks</u>	1993	1992
		£000
Raw materials	2,848	2,295
Finished products	5,296	5,730
Stores	1,715	2,124
	<hr/>	<hr/>
	9,859	10,149
	<hr/>	<hr/>

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

BP CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

15. Debtors

	1993		1992	
	Due	Due	Due	Due
	Within	After	Within	After
	1 Year	1 Year	1 Year	1 Year
	£000	£000	£000	£000
Trade	102	-	222	-
Subsidiary undertakings	-	55,817	26,479	55,300
Parent undertakings	-	36,578	-	36,447
Fellow subsidiary undertakings	14,894	29,717	38,576	-
Taxation recoverable	241	-	3,387	-
Other	5,699	1,336	5,647	2,422
	-----	-----	-----	-----
	20,936	123,448	74,311	94,169
	-----	-----	-----	-----

16. Creditors

	Due	Due	Due	Due
	Within	After	Within	After
	1 Year	1 Year	1 Year	1 Year
	£000	£000	£000	£000
Bank overdrafts	947	-	823	-
Trade	3,587	-	5,241	-
Subsidiary undertakings	-	3,981	1,819	2,002
Fellow subsidiary undertakings	60,738	-	63,228	-
Parent undertakings	116,819	-	104,558	-
Accruals	550	-	806	-
Taxation payable	505	-	4,602	-
Social Security costs	1,087	-	1,138	-
Other	5,105	84	5,615	112
	-----	-----	-----	-----
	189,338	4,065	187,830	2,114
	-----	-----	-----	-----

BP CHEMICALS LIMITED

## NOTES TO THE ACCOUNTS (Continued)

17. Provision for Liabilities and Charges

Deferred Taxation	1993 £000	1992 £000
UK full potential	2,690	-
Less: DTR	(2,690)	-
	-----	-----
	-	-
France: full potential	2,813	-
	-----	-----
	2,813	-
	-----	-----

The provision for deferred taxation arises from derogatory amortization and a provision for price increases.

18. Called-up Share Capital - Ordinary Shares

	1993 Shares	1993 £000	1992 Shares	1992 £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
	-----	-----	-----	-----

19. Reconciliation of Shareholders' Funds and Movements on Reserves

	Share Capital £000	Share Premium £000	Profit & Loss £000	Total £000
At 1 January 1993	12,500	8,724	35,550	56,774
Profit for the year			8,683	8,683
	-----	-----	-----	-----
At 31 December 1993	12,500	8,724	44,233	65,457
	=====	=====	=====	=====

20. Capital Commitments

Authorised future capital expenditure is estimated at £9,861,000 (1992 - £10,096,000) including approximately £4,011,000 (1992 - £3,170,000) for which contracts have been placed.

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS (Continued)

21. 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.