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BP CHEMICALS LIMITED

NOTICE is hereby given that the annual general meeting of the Company will be held at Devonshire House, Mayfair Place, Piccadilly, London, W1X 6AY on 13 December 1977 at 10.30 a.m. for the transaction of the following business:—

1. To receive and consider the Report of the Directors and the Accounts for the year ended 31 December 1976.
2. To reappoint Whinney Murray & Co. as Auditors.
3. To fix the remuneration of the Auditors.

By order of the Board,
C. STEVENS
Secretary.

Britannic House,
Moor Lane,
London, EC2Y 9BU.

13 December 1977.

A member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him. A proxy need not be a member of the company.

Secretary

C. Stevens

Registered office

Britannic House,
Moor Lane, London, EC2Y 9BU.

Auditors

Whinney Murray & Co.



BP CHEMICALS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the accounts for the year ended 31 December 1976.

The name of the Company was changed from BP Chemicals International Limited to BP Chemicals Limited with effect from 5 April 1976.

Board of Directors

P. I. WALTERS (Chairman)
L. R. BURCHELL (Managing Director)
N. G. S. CHAMPION
K. W. GEDDES
W. P. C. GRASSICK
A. P. JENKINS
A. McINTOSH
H. W. STERN

Mr. P. I. Walters, Mr. P. C. Batterbury, Dr. K. W. Geddes, Mr. W. P. C. Grassick, Mr. A. McIntosh and Mr. H. W. Stern were Directors of the Company throughout the financial year. Mr. R. M. F. Fenning resigned on 31 March 1976, Mr. R. W. Adam, Mr. J. E. G. Boxshall, Mr. D. E. C. Steel on 5 April 1976, Mr. J. S. Hunter on 30 November 1976 and Mr. P. C. Batterbury on 31 March 1977. Mr. N. G. S. Champion was appointed to the board on 1 April 1976, Mr. L. R. Burchell on 5 April 1976 and Mr. A. P. Jenkins was appointed to the board on 1 March 1977.

The interests of the Directors and their families other than Directors of the ultimate holding company in the stock and debentures of The British Petroleum Company Limited were as set out below:—

Type of Stock				1 January 1976 or date of appointment	31 December 1976
				£ units	£ units
P. C. Batterbury	..	..	..	Ordinary	106
L. R. Burchell	..	..	..	Ordinary	1,050
N. G. S. Champion	..	..	..	Nil	Nil
K. W. Geddes	..	..	..	Nil	Nil
W. P. C. Grassick	..	..	..	Nil	Nil
A. McIntosh	..	..	..	Nil	Nil
H. W. Stern	..	..	..	Ordinary	645

The profit for the year was £82,138; after taking into account a prior year's deferred taxation charge of £77,600 the balance of £4,538 has been added to retained profits.

The Company and its subsidiaries operated their chemicals and plastics manufacturing assets either in their own name or as agents of the lessee BP Trading Limited.

During the year the Company disposed of the entire share capital of BP Chemicals International Limited and the holding of shares in Distugil S.A., and since the year-end has disposed of the entire share capital of Hedon Monomers Limited to other group companies.

Exports by subsidiary companies amounted to £28,688,754 (1975—£14,199,452).

Whinney Murray & Co. who are willing to continue in office offer themselves for reappointment.

By order of the Board,
C. STEVENS
Secretary.

Britannic House,
Moor Lane,
London, EC2Y 9BU.
13 December 1977.

THIS IS CERTIFIED A TRUE COPY

H. W. Stern
J. E. O'Neill

Director

Assistant
Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1976

	Note	1976 £	1975 £
Turnover	2	£2,580,954	£2,334,508
Trading profit	3	859,703	764,516
Dividend income	5	636,230	1,559,725
Exchange loss arising on deferred liability	10	(1,299,476)	—
Profit before taxation and extraordinary items		196,457	2,324,241
Taxation	6	114,319	64,033
Profit after taxation		82,138	2,260,208
Extraordinary item—debt of a subsidiary company forgiven		—	771,368
Retained profit for year		82,138	1,488,840
Retained profits at 1 January		3,867,791	2,378,951
Prior year's adjustment — deferred taxation	6	(77,600)	—
Retained profits at 31 December		£3,872,329	£3,867,791

BALANCE SHEET AT 31 DECEMBER 1976

	£	£	£
Licence and other agreements		7,729,911	8,022,849
Investment in associated companies	7		
Shares at cost	3,254,012		4,269,267
Advances	3,340,000		4,058,037
		6,594,012	
Investment in subsidiary companies	8		
Shares at cost	3,565,901		3,665,901
Advances	5,675,341		4,503,433
		9,241,242	
Trade investment at cost	9	97,120	97,120
Long term receivables		3,339,335	2,816,214
Current assets			
Debtors	951,000		1,702,039
Cash	3,818,933		1,594,009
	4,769,933		3,296,048
Less:			
Current liabilities			
Creditors	85,480		235,392
Net current assets		4,684,453	3,060,656
Deferred liability	10	(8,202,941)	(7,002,475)
		£23,483,132	£23,491,002
Financed by:			
Share capital	11	12,500,000	12,500,000
Share premium		8,723,842	8,723,842
Retained profits		3,867,791	3,867,791
		25,091,633	25,091,633
Deferred taxation	6	46,000	—
Group indebtedness	12	(1,659,639)	(1,600,631)
		£23,483,132	£23,491,002

P. I. WALTERS
L. R. BURCHELL } *Directors.*

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Source of Funds	1976		1975	
	£	£	£	£
Profit before tax and extraordinary item ..		196,457	2,324,241	
Less debt of a subsidiary company forgiven		—	771,368	1,552,873
Sale of investment in a subsidiary company		100,000	—	—
Sale of investment in an associated company		1,683,292	—	—
Repayment of advance by associated company		50,000		50,000
Disposal of licence agreement to a group company		193,928		
Decrease in group indebtedness		—		1,509,214
		<u>2,223,677</u>		<u>3,112,087</u>
Increase in deferred liability as a result of exchange fluctuations		1,299,476	—	—
		<u>3,523,153</u>		<u>3,112,087</u>
Application of funds				
Instalment on purchase of licence and other agreements		—	1,020,374	
Tax paid		145,919	64,033	
Long term receivables		523,121	532,335	
Increase in investment in subsidiary companies		1,171,908	80,716	
Increase in group indebtedness		58,408	—	
		<u>1,899,356</u>		<u>1,697,458</u>
		<u>1,623,797</u>		<u>1,414,629</u>
Increase in working capital				
(Decrease) / Increase in debtors		(751,039)	846,464	
Increase in liquid resources		2,224,924	701,606	
Decrease/(Increase) in creditors		149,912	(133,441)	
		<u>1,623,797</u>		<u>1,414,629</u>

NOTES TO ACCOUNTS

(1) Accounting policies

- The accounts are prepared under the historical cost convention.
- Group accounts are not submitted as BP Chemicals Limited is wholly-owned by BP Trading Limited. Income of associated companies is dealt with in the accounts of the ultimate holding company and only dividend income from these companies is reflected in these accounts.
- The deferral net change method is used in the calculation of deferred taxation.

(2) Turnover

Turnover comprises royalties, recoverable expenditure and management fee.

(3) Trading profit is arrived at after charging:

	1976	1975
	£	£
Auditors' remuneration	63,750	61,450
Directors' emoluments (Note 4)	183,287	144,539

(4) Emoluments of directors and certain employees

The chairman and four other directors were managing directors or senior executives of The British Petroleum Company Limited in whose accounts the information required by the Companies Act, 1967, as to emoluments is shown.

Directors' emoluments in respect of eight other directors amounted to £183,287 (1975-6-£144,539). The highest paid director received £35,325 (1975-the then highest paid director received £30,928) and the others were in the following groups:

£	£														1976	1975
27,501—30,000	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	—
25,001—27,500	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	—
22,501—25,000	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	3
20,001—22,500	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	2
15,001—17,500	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	—
5,001— 7,500	(Part period only)	..	..	..	..	..	..	..	..	..	..	..	..	..	1	—

The number of employees in the U.K. whose emoluments exceeded £10,000 were in the following groups:

£	£														1976	1975
20,001—22,500	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	—
17,501—20,000	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5	3
15,001—17,500	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12	10
12,501—15,000	..	..	..	..	..	..	..	..	..	..	..	..	..	..	36	18
10,001—12,500	..	..	..	..	..	..	..	..	..	..	..	..	..	..	97	61

(5) Dividend income (unquoted investments)

															1976	1975
															£	£
Dividends from associated companies	..	..	..	..	..	..	..	..	..	..	..	..	..	..	136,230	959,725
Dividend from subsidiary company	..	..	..	..	..	..	..	..	..	..	..	..	..	..	500,000	600,000
															<u>£636,230</u>	<u>£1,559,725</u>

(6) Taxation

															1976	1975
															£	£
United Kingdom taxation	..	..	..	..	..	..	..	..	..	..	..	..	..	..	145,919	64,033
Deferred taxation no longer required	..	..	..	..	..	..	..	..	..	..	..	..	..	..	(31,600)	—
Overseas taxation (including £44,180 in respect of previous year)	..	..	..	..	..	..	..	..	..	..	..	..	..	..	145,919	64,033
															<u>260,238</u>	<u>128,066</u>
Less Overseas tax relief	..	..	..	..	..	..	..	..	..	..	..	..	..	..	145,919	64,033
															<u>£114,319</u>	<u>£64,033</u>

The Company is a member of a group for the purposes of group relief under Section 258 of the Income and Corporation Taxes Act 1970. Corporation tax has been provided at 52% on the profits for the year as reduced by losses that a group company has undertaken to surrender under the terms of this section. The corporation tax credit is wholly in respect of deferred tax. A corporation tax provision in respect of deferred tax for prior years has been deducted from retained profits brought forward at 1 January 1976. The balance of deferred taxation at 31 December 1976 comprises tax on timing differences between the accounting and tax treatment of interest and royalties.

(7) Investment in associated companies

															Country of Incorporation	Shares held	Percentage
BP-California Ltd.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	England	Ordinary	50
BP-California (Grangemouth) Ltd.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	England	Ordinary	50
Neath Canal Navigation	..	..	..	..	..	..	..	..	..	..	..	..	..	..	England	Ordinary	23
Orobis Ltd.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	England	Ordinary	50
Synthite Ltd.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	England	Ordinary	49

Income shown in accounts received in 1976 (mainly in respect of 1975):

Share of losses less profits before taxation	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	£812,535
Share of losses less profits after taxation	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	£1,190,759
Share of undistributed profits less losses	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	£574,366

Appropriate provisions are held in the group against the investment in associated companies.

(8) Investment in subsidiary companies

	Country of Incorporation	Shares held	Percentage
Border Chemicals Ltd.	England	Ordinary	66 $\frac{2}{3}$
BP Chemicals (Ireland) Ltd.	England	Ordinary	100
Forth Chemicals Ltd.	England	Ordinary	66 $\frac{2}{3}$
Grange Chemicals Ltd.	England	Ordinary	100
Hedon Monomers Ltd.	England	Ordinary	100
Honeywill & Stein Ltd.	England	Ordinary	100
Charles Moore & Co. Ltd.	England	Ordinary	100
Murgatroyd's Salt & Chemical Co. Ltd.	England	Ordinary	100

In the opinion of the directors of the company, the aggregate value of shares in and amounts owing from the company's subsidiaries is not less than the amounts at which these are shown in the balance sheet.

(9) Trade investments

Bridgend Processes Limited:

872,986 Ordinary shares—quoted valuation at 31 December 1976 was £120,036.

870,150 Special shares—valuation at 31 December 1976 was Nil.

(10) Deferred liability

Deferred liability of US \$13,945,000 (£8,202,941) arises under the acquisition of licence and other agreements and is payable by equal instalments over a period of 4 years from 1 January 1981. The intangible asset representing such licence and other agreements has been translated into sterling at the exchange rate ruling at 31 December 1975, the year in which the contract was signed.

(11) Share capital

Authorised and issued:

12,500,000 shares of £1 each.

(12) Group indebtedness

	1976 £	1975 £
Amount owing by BP Trading Limited	4,668,547	5,433,276
Amount owing to BP Chemicals International Limited	(1,028,289)	—
Amount owing to subsidiary companies	(1,981,219)	(3,832,645)
	<u>£1,659,039</u>	<u>£1,600,631</u>

(13) Ultimate holding company

The ultimate holding company is The British Petroleum Company Limited, a company incorporated in England.

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of BP Chemicals Limited which have been prepared under the historical cost convention.

In our opinion the accounts give, under the accounting convention stated above, a true and fair view of the state of affairs at 31 December 1976 and of the profit and source and application of funds for the year then ended and comply with the Companies Acts, 1948 and 1967.

WHINNEY MURRAY & CO.

Chartered Accountants.

London,

13 December 1977

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