

BP CHEMICALS LIMITED

(Registered No 00194971)

ANNUAL REPORT AND ACCOUNTS 2010

Board of Directors R M Stott
 N R Elmslie
 R C Harrington

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2010

Results and dividends

The profit for the year after taxation was £817,000 which, when added to the retained profit brought forward at 1 January 2010 of £12,866,000, gives a total retained profit carried forward at 31 December 2010 of £13,683,000

The company has not declared any dividends during the year (2009 £6,019,000) The directors do not propose the payment of a dividend

Principal activity and review of the business

The company and its subsidiary undertakings operate chemicals and plastics manufacturing assets either in their own name or as agents of BP International Limited

The key financial and other performance indicators during the year were as follows

	2010	2009	Variance
	£000	£000	%
Turnover	49,937	67,839	(26)
Other operating income	7,893	-	100
Profit before taxation	2,591	7,218	(64)
Profit after taxation	817	6,848	(88)
Shareholders' funds	34,907	34,090	2

	2010	2009	Variance
	%	%	
Current assets as % of current liabilities (quick ratio)	1	1	0

Turnover has decreased due to less spend on the activities carried out for its parent company, BP International Limited which are recharged back

Other operating income has increased due to compensation received by the company as settlement for a breach of licence agreement

The profit before and after taxation has decreased due to a dividend received by the company from its subsidiary undertaking in 2009, which was not the case this year.



BP CHEMICALS LIMITED
REPORT OF THE DIRECTORS

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management at a group level. Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level.

Consider carefully the risks described below, the potential impact of their occurrence on the business, financial condition and results of operations on the company.

Company level risks have been categorised against the following areas: strategic, compliance and control, safety and operational, and financial risk management. In addition, we have also set out a further category of risk for your attention – those resulting from the Gulf of Mexico oil spill (the Incident).

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on BP Chemicals Limited.

There is significant uncertainty in the extent and timing of costs and liabilities relating to the Incident, the impact of the Incident on the reputation of the BP group and the resulting possible impact on the company's ability to access new opportunities. There is also significant uncertainty regarding potential changes in applicable regulations and the operating environment that may result from the Incident. These increase the risks to which the group and therefore the company are exposed to. These uncertainties are likely to continue for a significant period. Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US.

The BP group income statement for the year ended 31 December 2010 includes a pre-tax charge of \$40.9 billion in relation to the Gulf of Mexico oil spill. The total amounts that will ultimately be paid by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to the BP group will be dependent on many factors. The risks associated with the Incident could also heighten the impact of the other risks to which the company is exposed as further described below. Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2010.

Strategic risks

Competition

The company's strategy depends upon continuous innovation in a highly competitive market.

The oil, gas and petrochemicals industries are highly competitive. There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home. Competition puts pressure on product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency, while ensuring safety and operational risk is not compromised. The implementation of the BP group strategy requires continued technological advances and innovation including advances in exploration, production, refining, petrochemicals manufacturing technology and advances in technology related to energy usage. The company's performance could be impeded if competitors developed or acquired intellectual property rights to technology that it required or if its innovation lagged the industry.

BP CHEMICALS LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Compliance and control risks

Ethical misconduct and non-compliance

The code of conduct, which applies to all employees, defines the company's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions the company expects of its businesses and people wherever it operates. Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to the company's reputation and shareholder value. Multiple events of non-compliance could call into question the integrity of the company's operations.

Liabilities and provisions

The company remains exposed to changes in the external environment, such as new laws and regulations (whether imposed by international treaty or by national or local governments in the jurisdictions in which it operates), changes in tax or royalty regimes, price controls, government actions to cancel or renegotiate contracts, market volatility or other factors. Such factors could reduce the company's profitability from operations in certain jurisdictions, limit its opportunities to access new opportunities, require it to divest or write-down certain assets or affect the adequacy of its provisions for pensions, tax, environmental and legal liabilities. Potential changes to pension or financial market regulation could also impact funding requirements of the company.

Reporting

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation.

Safety and operational risks

Process safety, personal safety and environmental risks

The nature of the company's operations exposes it to a wide range of significant health, safety, security and environmental risks. The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of the company's activities. There are risks of technical integrity failure as well as risks of natural disasters and other adverse conditions in many of the areas in which the company operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents.

In addition, inability to provide safe environments for the company's workforce and the public could lead to injuries or loss of life and could result in regulatory action, legal liability and damage to the company's reputation.

BP CHEMICALS LIMITED
REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Safety and operational risks (continued)

The company's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations. These operations are subject to various environmental laws, regulations and permits and the consequences of failure to comply with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions. Accordingly, inherent in the company's operations is the risk that if it fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs and damage to the company's reputation or licence to operate.

To help address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the BP group can analyse the performance of its activities and identify and remediate shortfalls, BP implemented a group-wide operating management system (OMS). The embedding of OMS continues and following the Gulf of Mexico oil spill a separate Safety and Operational Risk (S&OR) function is being established, reporting directly to the BP group chief executive. There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risks or provide the correct mitigations, or that all operations will be in compliance with OMS at all times.

People and capability

Successful recruitment of new staff, employee training, development and long-term renewal of skills, in particular technical capabilities such as petroleum engineers and scientists, are key to implementing the company's plans. Inability to develop human capacity and capability, both across the organisation and in specific operating locations, could jeopardise performance delivery.

Financial risk management

The main financial risks faced by the company through its normal business activities are market risk and foreign currency exchange risk. The management of these financial risks is performed at BP group level. The company seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity. This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments. Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The management of such risks is performed at BP group level. The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures. In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes.

BP CHEMICALS LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

Foreign currency exchange risk

Fluctuations in foreign exchange rates can have significant effects on the company's reported results. The company's financial assets and liabilities give rise to transactional currency exposures. Such exposures arise from transactions in a currency other than the company's functional currency. The management of such risks is performed at BP group level. BP's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar. The group co-ordinates the handling of foreign exchange risks centrally, by netting off naturally occurring opposite exposures wherever possible and then dealing with any material residual foreign exchange risks. For highly probable forecast capital expenditures the group locks in the US dollar cost of non US dollar supplies by using currency forwards and futures.

Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies. Fluctuations in exchange rates can therefore give rise to foreign exchange exposures, with a consequent impact on underlying costs and revenues.

Research and development

The research centre carries out a varying number of tasks including product support, development of existing products and research into new innovative technology.

Directors

The present directors are listed on page 1.

R M Stott and R C Harrington served as directors throughout the financial year. The changes since 1 January 2010 were as follows -

	Appointed	Resigned
N R Elmslie	01 April 2011	-
S H Rataj		01 April
2011		

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

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.

BP CHEMICALS LIMITED
REPORT OF THE DIRECTORS

Employee involvement

During the year, the 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. Employees were invited to participate in BP share schemes.

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms. 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 nil.

Auditors

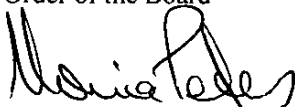
In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year.

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

By Order of the Board



Monica Peters
For and on behalf of
Sunbury Secretaries Limited
Company Secretary

08 July 2011

Registered Office
Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP CHEMICALS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 keeping proper accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 and, having a reasonable expectation that the company has 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP CHEMICALS LIMITED

We have audited the financial statements of BP Chemicals Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

WILLIAM TESTA (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
12 July 2011

BP CHEMICALS LIMITED

ACCOUNTING POLICIES

Accounting standards

These accounts are prepared in accordance with applicable UK accounting standards.

Accounting convention

The accounts are prepared under the historical cost convention

Basis of preparation

At 31 December 2010 the company's balance sheet had net current liabilities amounting to £79,407,000

The directors consider it appropriate to prepare the accounts on a going concern basis, since the parent undertaking agreed to provide sufficient finance, whether directly or through one of its subsidiaries to enable the company to meet its liabilities as they fall due for the foreseeable future

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 400 (1) of the Companies Act 2006. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP plc, a company registered in England and Wales. These accounts present information about the company as an individual undertaking and not about the group.

Revenue recognition

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive the payment is established.

Foreign currency transactions

Foreign currency transactions are initially recorded in sterling by applying the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are included in the profit and loss account.

BP CHEMICALS LIMITED

ACCOUNTING POLICIES

Research

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

Dividends payable

Final dividends are recorded in the accounts in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Investments

Fixed asset investments in subsidiaries are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Other debtors

Other debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Other creditors

Other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

Pensions

The disclosures of Financial Reporting Standard No. 17 "Retirement Benefits" have been made in the accounts of the ultimate parent undertaking.

BP CHEMICALS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

		<u>2010</u>	<u>2009</u>
	Note	£000	£000
Turnover	1	49,937	67,839
Administration expenses		(55,239)	(66,640)
Other operating income	4	<u>7,893</u>	<u>-</u>
Profit on ordinary activities before investment income, interest and taxation	2	2,591	1,199
Income from shares in group undertakings		-	6,019
Profit before taxation		<u>2,591</u>	<u>7,218</u>
Taxation	5	<u>(1,774)</u>	<u>(370)</u>
Profit for the year		<u>817</u>	<u>6,848</u>

The profit of £817,000 for the year ended 31 December 2010 has derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010

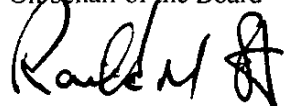
There are no recognised gains or losses attributable to the shareholders of the company other than the profit of £817,000 for the year ended 31 December 2010 (2009 profit of £6,848,000)

BP CHEMICALS LIMITED
(Registered No 00194971)

BALANCE SHEET AT 31 DECEMBER 2010

	Note	2010 £000	2009 £000
Fixed assets			
Investments	7	114,314	114,314
Current assets			
Cash at bank and in hand		504	731
Creditors: amounts falling due within one year	8	(79,911)	(80,955)
Net current liabilities		(79,407)	(80,224)
TOTAL ASSETS LESS CURRENT LIABILITIES		34,907	34,090
NET ASSETS		34,907	34,090
Represented by			
Capital and reserves			
Called up share capital	9	12,500	12,500
Share premium account	10	8,724	8,724
Profit and loss account	10	13,683	12,866
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		34,907	34,090

On behalf of the Board



R M Stott
Director

08 JULY 2011

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to other group companies. Turnover is attributable to the manufacturing and selling petrochemicals.

An analysis of turnover by geographical market is given below:

	<u>2010</u>	<u>2009</u>
	<u>£000</u>	<u>£000</u>
By geographical area		
UK	44,909	63,897
Rest of World	5,028	3,942
Total	<u>49,937</u>	<u>67,839</u>

2. Profit on ordinary activities before interest and taxation

This is stated after charging:

	<u>2010</u>	<u>2009</u>
	<u>£000</u>	<u>£000</u>
Expenditure on research	<u>16,078</u>	<u>14,624</u>

3. Auditor's remuneration

	<u>2010</u>	<u>2009</u>
	<u>£000</u>	<u>£000</u>
Fees for the audit of the company	<u>9</u>	<u>9</u>

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BP Chemicals Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

4. Other operating income

	<u>2010</u>	<u>2009</u>
	<u>£000</u>	<u>£000</u>
Miscellaneous income	<u>7,893</u>	<u>-</u>

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

5. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. No corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred tax that arises without charge.

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation.

	<u>2010</u>	<u>2009</u>
	£000	£000
Profit before taxation	2,591	7,218
Current taxation	(1,774)	(370)
Effective current tax rate	68%	5%
	<u>2010</u>	<u>2009</u>
	%	%
UK statutory corporation tax rate	28	28
Increase resulting from		
Higher overseas tax rate	69	5
Non-deductible expenditure / non-taxable income	(19)	(39)
Double tax relief	(69)	-
Group relief	56	18
Transfer pricing adjustment	4	(7)
Effective current tax rate	<u>68</u>	<u>5</u>

6. 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 (2009 £Nil).

(b) Employee costs

	<u>2010</u>	<u>2009</u>
	£000	£000
Wages and salaries	29,425	31,524
Termination payments	(2,244)	6,945
Social security costs	2,226	2,499
Pension costs	8,047	7,080
	<u>37,454</u>	<u>48,048</u>

BP CHEMICALS LIMITED
NOTES TO THE ACCOUNTS

6. Directors and employees (continued)

(c) The average monthly number of employees during the year was 540 (2009 570)

<u>2010</u>	<u>2009</u>
No	No
<u>540</u>	<u>570</u>

7. Investments

	Subsidiary shares £000
Cost	
At 1 January 2010/ 31 December 2010	<u>119,526</u>
Amounts provided	
At 1 January 2010/ 31 December 2010	<u>5,212</u>
Net book amount	
At 31 December 2010/ 31 December 2009	<u>114,314</u>

The investments in the subsidiaries undertakings are unlisted

The amounts provided against subsidiary undertakings are to reduce the carrying value of the investment to its recoverable amount

The subsidiary undertakings of the company at 31 December 2010 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.

Subsidiary undertakings	%	Country of incorporation	Principal activity
BXL Plastics Limited	100	England and Wales	Plastics
BP Chemicals (Korea) Limited	100	England and Wales	Chemicals
BP Korea Marketing Limited	100	England and Wales	Marketing
BP World-Wide Technical Services Limited	100	England and Wales	Chemicals
BP Chemicals France Holdings SAS	100	France	Holding Company
The Company of Proprietors of the Neath Canal Navigation	85	England and Wales	Chemicals

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

8. Creditors

	<u>2010</u>	<u>2009</u>
	Within	Within
	1 year	1 year
	£000	£000
Amounts owed to group undertakings	76,121	75,581
Other creditors	3,744	5,292
Bank overdraft	46	82
	<u>79,911</u>	<u>80,955</u>

The amounts owed to group undertakings are unsecured, non-interest bearing and are repayable on demand

9. Called up share capital

	<u>2010</u>	<u>2009</u>
	£000	£000
Allotted, called up and fully paid		
12,500,000 Ordinary shares of £1 each for a total nominal value of £12,500,000	<u>12,500</u>	<u>12,500</u>

10. Capital and reserves

	<u>Called up share capital</u>	<u>Share premium account</u>	<u>Profit and loss account</u>	<u>Total</u>
	£000	£000	£000	£000
At 1 January 2010	12,500	8,724	12,866	34,090
Profit for the year	-	-	817	817
At 31 December 2010	<u>12,500</u>	<u>8,724</u>	<u>13,683</u>	<u>34,907</u>

11. Reconciliation of movements in shareholders' funds

	<u>2010</u>	<u>2009</u>
	£000	£000
Profit for the year	817	6,848
Dividends – current year interim paid	-	(6,019)
Net increase in shareholders' funds	817	829
Shareholders' funds at 1 January	34,090	33,261
Shareholders' funds at 31 December	<u>34,907</u>	<u>34,090</u>

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

12. Related party transactions

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

13. Pensions

The company is a participating employer in 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. The level of contributions made to the BP Pension Fund is the amount needed 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.

The obligation and the cost of providing pensions are assessed annually using the projected unit credit method. The date of the latest actuarial valuation for the BP Pension Fund was 31 December 2009 and the date of the most recent actuarial review was 31 December 2010. During 2010, member contributions of £23m (2009: £22m) were made to the BP Pension Fund.

The BP Pension Fund is operated in a way that does not allow the individual participating employing companies in the Pension Fund to identify their share of the underlying assets and liabilities of the fund. Therefore the company's payments in respect of pension current service cost have been accounted for as an expense as if they were contributions to a defined contribution scheme and no further FRS 17 disclosures made in these accounts.

The results of the most recent actuarial valuation of the BP Pension Fund as at 31 December 2009, have been reflected into the disclosures required by FRS 17 for the year ended 31 December 2010, and are included within the accounts of ultimate parent undertaking BP plc.

In the BP plc accounts, pension plan assets are measured at fair value and pension plan liabilities are measured on an actuarial basis using the projected unit credit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. Actuarial gains and losses are recognised in full in this company's statement of total recognised gains and losses in the period in which they occur.

14. Immediate and ultimate parent undertaking

The immediate parent undertaking of this company is BP Chemicals Investment Limited, a company registered in England and Wales. 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 plc, a company registered in England and Wales. Copies of BP plc's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.