

**BP CHEMICALS LIMITED**

(Registered No 194971)

**ANNUAL REPORT AND ACCOUNTS 2009**

Board of Directors      R M Stott  
                                     S H Rataj  
                                     R C Harrington

**REPORT OF THE DIRECTORS**

The directors present their report and accounts for the year ended 31 December 2009

**Results and dividends**

The profit for the year after taxation was £6,848,000 which, when added to the retained profit brought forward at 1 January 2009 of £12,037,000 together with total paid interim dividend to ordinary shareholders of £6,019,000, gives a total retained profit carried forward at 31 December 2009 of £12,866,000

During the year the company has declared and paid dividends of £6,019,000 (2008 £44,000,000). The directors do not propose the payment of a final 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

|                        | 2009   | 2008   | Variance |
|------------------------|--------|--------|----------|
|                        | £000   | £000   | %        |
| Turnover               | 67,839 | 83,656 | (19)     |
| Profit before taxation | 7,218  | 40,909 | (82)     |
| Profit after taxation  | 6,848  | 40,262 | (83)     |
| Shareholders' funds    | 34,090 | 33,261 | 2        |

|   | 2009 | 2008 | Variance |
|---|------|------|----------|
|   | %    | %    |          |
| Current assets as % of current liabilities<br>(quick ratio) | (1)  | (3)  | 2        |

Turnover has decreased due to the drop in the business performance caused by the global economic downturn which started towards the end of 2008 and continued through 2009. The turnover which relates to the activities carried out for its parent company BP International Limited was significantly hit due to the drop both in the sales volume and prices.

Profit before and after taxation has decreased substantially due to reduced dividend received from the companies subsidiaries this year.

There is a slight increase in the shareholders' funds due to the retained profit for the 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.

Company level risks have been identified and classified in four categories: strategic, compliance and ethics, financial risk management and operational.

#### **Strategic risks**

##### ***Competition***

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.

#### **Compliance and ethics risks**

##### ***Ethical misconduct and non-compliance***

Our code of conduct, which applies to all employees, defines our commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions we expect of our business and people wherever we operate. Incidents of non-compliance with applicable laws and regulation or ethical misconduct could be damaging to our reputation and shareholder value. Multiple events of non-compliance could call into question the integrity of our operations.

##### ***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 our reputation.

#### **Financial risk management**

The main financial risks faced by the company through its normal business activities are market risk, foreign currency exchange risk and interest rate risk. The management of these financial risks is performed at BP Group level.

##### ***Market risk***

Market risk is the possibility that changes in currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the group's financial assets, liabilities or expected future cash flows. The management of such risks is performed at BP Group level. The group has developed policies aimed at managing the market risk inherent in its natural business activities and, in accordance with these policies, the group enters into various transactions using derivative financial and commodity instruments (derivatives). Derivatives are contracts whose value is derived from one or more underlying financial instruments, indices or prices that are defined in the contract. The group also trades derivatives in conjunction with these risk management activities.

## **BP CHEMICALS LIMITED**

### **REPORT OF THE DIRECTORS**

#### ***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 minimize 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.

#### **Operational risks**

##### ***Personal safety***

Inability to provide safe environments for our workforce and the public could lead to injuries or loss of life and could result in regulatory action, legal liability and damage to our reputation.

##### ***Environmental***

If we do not apply our resources to overcome the perceived trade-off between global access to energy and the protection or improvement of the natural environment, we could fail to live up to our aspirations of no or minimal damage to the environment and contributing to human progress.

##### ***People and capability***

Employee training, development and successful recruitment of new staff, in particular petroleum engineers and scientists, are key to implementing our plans. Inability to develop the human capacity and capability across the company could jeopardise performance delivery.

#### **Research and development**

The research centre carries out a varying number of tasks including product support, development of existing product and research into new innovative technology. There was a decrease in the R&D costs from last year, mainly due to the divestment of Vinyl Acetate Europe (VAM) and Ethyl Acetate Europe (EtAc) plants along with the restructuring of the research centre.

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's growth in recent years. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

It is the intention of the directors that the business of the company will continue for the foreseeable future.

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

**Directors**

The present directors are listed on page 1

R M Stott and S H Ratay served as directors throughout the financial year. The changes since 1 January 2009 were as follows:

|                | <u>Appointed</u> | <u>Resigned</u>   |
|----------------|------------------|-------------------|
| F W M Starkie  | -                | 30 September 2009 |
| R C Harrington | 1 October 2009   | -                 |

**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.

**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.

**BP CHEMICALS LIMITED**


**REPORT OF THE DIRECTORS**

**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

 Jim Lafferty

For and on behalf of  
Sunbury Secretaries Limited  
Company Secretary

12 August 2010

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 company's financial statements for the year ended 31 December 2009 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 13. 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 6, 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 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 (APB'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 2009 and of the company's 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  
Registered auditor  
London

*17 August* 2010

## **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 2009 the company's balance sheet had net current liabilities of £80,224,000

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. The 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

#### **Research**

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



## **BP CHEMICALS LIMITED**

### **ACCOUNTING POLICIES**

#### **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, joint ventures and associates 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.

#### **Pensions**

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

#### **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, other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

**BP CHEMICALS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

|  |             | <u>2009</u> | <u>2008</u> |
|--|-------------|-------------|-------------|
|  | <b>Note</b> | <b>£000</b> | <b>£000</b> |
| <b>Turnover</b>  | <b>1</b>    | 67,839      | 83,656      |
| <b>Administration expenses</b>   |             | (66,640)    | (87,077)    |
| <b>Profit / (loss) on ordinary activities before investment income, interest and tax</b> |             | 1,199       | (3,421)     |
| <b>Income from shares in group undertakings</b>  |             | 6,019       | 44,330      |
| <b>Profit before taxation</b>  | <b>2</b>    | 7,218       | 40,909      |
| <b>Taxation</b>  | <b>4</b>    | (370)       | (647)       |
| <b>Profit for the year</b>   |             | 6,848       | 40,262      |

The profit of £6,848,000 for the year ended 31 December 2009 has derived in its entirety from continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of £6,848,000 for the year ended 31 December 2009 (2008 profit of £40,262,000)

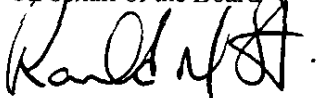
**BP CHEMICALS LIMITED**

(Registered No. 194971)

**BALANCE SHEET AT 31 DECEMBER 2009**

|   | Note | <u>2009</u><br>£000 | <u>2008</u><br>£000 |
|---|------|---------------------|---------------------|
| <b>Fixed assets</b>                                   |      |                     |                     |
| Investments   | 6    | <u>114,314</u>      | <u>114,314</u>      |
| <b>Current assets</b>                                 |      |                     |                     |
| Cash at bank and in hand                              |      | <u>731</u>          | <u>2,450</u>        |
|   |      | 731                 | 2,450               |
| <b>Creditors: amounts falling due within one year</b> | 7    | <u>(80,955)</u>     | <u>(83,503)</u>     |
| <b>Net current liabilities</b>                        |      | <u>(80,224)</u>     | <u>(81,053)</u>     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | <u>34,090</u>       | <u>33,261</u>       |
| <b>NET ASSETS</b>                                     |      | <u>34,090</u>       | <u>33,261</u>       |
| <b>Represented by</b>                                 |      |                     |                     |
| <b>Capital and reserves</b>                           |      |                     |                     |
| Called up share capital                               | 8    | 12,500              | 12,500              |
| Share premium account                                 | 9    | 8,724               | 8,724               |
| Profit and loss account                               | 9    | <u>12,866</u>       | <u>12,037</u>       |
| <b>SHAREHOLDERS' FUNDS –<br/>EQUITY INTERESTS</b>     |      | <u>34,090</u>       | <u>33,261</u>       |

On behalf of the Board



Director

Ronald Stott

12 August

2010

## **BP CHEMICALS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. Turnover**

Turnover, which is stated net of value added tax, represent 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>2009</u>   | <u>2008</u>   |
|-----------------------|---------------|---------------|
|                       | <u>£000</u>   | <u>£000</u>   |
| By geographical area. |               |               |
| UK                    | 63,897        | 75,015        |
| Rest of World         | 3,942         | 8,641         |
| Total                 | <u>67,839</u> | <u>83,656</u> |

#### **2. Profit on ordinary activities before interest and taxation**

This is stated after charging.

|  | <u>2009</u>   | <u>2008</u>   |
|--|---------------|---------------|
|  | <u>£000</u>   | <u>£000</u>   |
| Impairment of fixed asset investment   | -             | 5,212         |
| Loss on sale of fixed asset investment | -             | 9             |
| Expenditure on research                | <u>14,624</u> | <u>14,780</u> |

#### **3. Auditor's remuneration**

|                                   | <u>2009</u> | <u>2008</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 p.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

#### **4. Taxation**

The Company is a member of a group for the purposes of relief under Section 402 of the Income & Corporation Taxes Act 1988. No corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of 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.

**BP CHEMICALS LIMITED****NOTES TO THE ACCOUNTS****4. Taxation (continued)**

|   | <u>2009</u> | <u>2008</u> |
|---|-------------|-------------|
|   | <u>£000</u> | <u>£000</u> |
| Profit before taxation                          | 7,218       | 40,909      |
| Current taxation                                | (370)       | (647)       |
| Effective current tax rate                      | 5%          | 2%          |
|   | <u>2009</u> | <u>2008</u> |
|   | <u>%</u>    | <u>%</u>    |
| UK statutory corporation tax rate               | 28          | 28          |
| Increase / (decrease) resulting from:           |             |             |
| Higher overseas tax rate                        | 5           | 2           |
| Non-deductible expenditure / non-taxable income | (39)        | (28)        |
| Group relief                                    | 18          | 3           |
| Transfer pricing adjustment                     | (7)         | (3)         |
| Effective current tax rate                      | <u>5</u>    | <u>2</u>    |

**5. 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 (2008: £Nil)

**(b) Employee costs**

|                       | <u>2009</u>   | <u>2008</u>   |
|-----------------------|---------------|---------------|
|                       | <u>£000</u>   | <u>£000</u>   |
| Wages and salaries    | 31,524        | 31,209        |
| Termination payments  | 6,945         | (42)          |
| Social security costs | 2,499         | 2,687         |
| Pension costs         | 7,080         | 8,492         |
|                       | <u>48,048</u> | <u>42,346</u> |

(c) The average monthly number of employees during the year was 570 (2008: 610)

| <u>2009</u> | <u>2008</u> |
|-------------|-------------|
| <u>No</u>   | <u>No</u>   |
| <u>570</u>  | <u>610</u>  |

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**6. Fixed assets – investments**

|                         | Subsidiary<br>shares |
|-------------------------|----------------------|
| <b>Cost</b>             | <b>£000</b>          |
| At 1 January 2009       | 119,526              |
| Disposals               | -                    |
| At 31 December 2009     | <u>119,526</u>       |
| <b>Amounts provided</b> |                      |
| At 1 January 2009       | 5,212                |
| Charge for the year     | -                    |
| At 31 December 2009     | <u>5,212</u>         |
| <b>Net book amount</b>  |                      |
| At 31 December 2009     | <u>114,314</u>       |
| At 31 December 2008     | <u>114,314</u>       |

The investments in the subsidiary 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 2009 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

| <b>Subsidiary undertakings</b>                           | <b>%</b> | <b>Country of incorporation</b> | <b>Principal activity</b> |
|--|----------|---------------------------------|---------------------------|
| 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                 |

**7. Creditors**

|                                    | 2009          | 2008          |
|------------------------------------|---------------|---------------|
|                                    | Within        | Within        |
|                                    | 1 year        | 1 year        |
|                                    | £000          | £000          |
| Amounts owed to group undertakings | 75,581        | 75,274        |
| Other                              | 5,292         | 7,956         |
| Bank overdraft                     | 82            | 273           |
|                                    | <u>80,955</u> | <u>83,503</u> |

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

**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**8. Called up share capital**

|   | <u>2009</u>   | <u>2008</u>   |
|---|---------------|---------------|
|   | <u>£000</u>   | <u>£000</u>   |
| Allotted and called up<br>12,500,000 Ordinary shares of £1 each for a total nominal value of<br>£12,500,000 | <u>12,500</u> | <u>12,500</u> |

**9. Capital and reserves**

|  | Equity<br>share<br>capital | Share<br>premium<br>account | Profit and<br>loss<br>account | Total         |
|--|----------------------------|-----------------------------|-------------------------------|---------------|
|  | £000                       | £000                        | £000                          | £000          |
| At 1 January 2009                        | 12,500                     | 8,724                       | 12,037                        | 33,261        |
| Profit for the year                      | -                          | -                           | 6,848                         | 6,848         |
| Dividends – current year interim<br>paid | -                          | -                           | (6,019)                       | (6,019)       |
| At 31 December 2009                      | <u>12,500</u>              | <u>8,724</u>                | <u>12,866</u>                 | <u>34,090</u> |

In 2009 the company has paid interim ordinary dividends for £6,019,000 (2008: £44,000,000). The dividend per share was £0.48 (2008 dividend per share £3 52)

**10. Reconciliation of movements in shareholders' funds**

|  | <u>2009</u>   | <u>2008</u>   |
|--|---------------|---------------|
|  | <u>£000</u>   | <u>£000</u>   |
| Profit for the year                                  | 6,848         | 40,262        |
| Dividends – current year interim paid                | (6,019)       | (44,000)      |
| Net increase / (decrease) in shareholders' interests | 829           | (3,738)       |
| Shareholders' interest at 1 January                  | 33,261        | 36,999        |
| Shareholders' interest at 31 December                | <u>34,090</u> | <u>33,261</u> |

**11. 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 with group companies. There were no other related party transactions in the year.

## **BP CHEMICALS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **12. 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 2008 and the date of the most recent actuarial review was 31 December 2009. During 2009, member contributions of £22m (2008: £21m) 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 2008, have been reflected into the disclosures required by FRS 17 for the year ended 31 December 2009, and are included within the accounts of the ultimate parent undertaking BP p.l.c.

In the BP p.l.c. 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.

#### **13. Immediate and ultimate parent undertaking**

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