

BP CHEMICALS LIMITED**(Registered No.00194971)****ANNUAL REPORT AND ACCOUNTS 2013**

Board of Directors: R M Stott
R C Harrington
C J Bowlas

The directors present the strategic report, their report and the accounts for the year ended 31 December 2013.

STRATEGIC REPORT**Results**

The profit for the year after taxation was £2,230,000 which, when added to the retained profit brought forward at 1 January 2013 of £15,257,000, gives a total retained profit carried forward at 31 December 2013 of £17,487,000.

Principal activity and review of the business

The company and its subsidiary undertakings operate chemicals and plastics manufacturing assets, as well as conducting related research activities, 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:

	2013	2012	Variance
	£000	£000	%
Turnover	92,732	90,773	2
Operating profit	1,351	1,295	4
Profit before taxation	2,513	1,054	138
Profit for the year	2,230	779	186
Shareholders' funds	38,711	36,481	6

	2013	2012	Variance
	1%	1%	-
Quick ratio*			

*Quick ratio is defined as current assets, excluding stock and debtors receivable after one year, as a percentage of current liabilities.

The increase in turnover of £1,959,000 is mainly due to higher spending on the activities carried out on behalf of the company's parent company, BP International Limited, which are recharged back and recognised as revenue in BP Chemicals Limited.

The increase in profit for the year of £1,451,000 is primarily attributable to profit made on liquidation of the company's subsidiary undertaking, BP Korea Marketing Limited, where all the subsidiary's distributable reserves were paid up to the company and the share capital of the subsidiary was cancelled, resulting in a net profit on liquidation amounting to £1,162,000.

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BP CHEMICALS LIMITED

STRATEGIC REPORT

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.

We urge you to consider carefully the risks described below. The potential impact of the occurrence or reoccurrence of any of the risks described below could have a material adverse effect on the company's business, financial position, results of operations, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda.

Company level risks have been categorised against the following areas: strategic and commercial; compliance and control; safety and operational; and financial risk management. In addition, we have set out one separate risk for your attention – the risk resulting from the 2010 Gulf of Mexico oil spill.

Gulf of Mexico oil spill

The Gulf of Mexico oil spill (the Incident) 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 regarding the extent and timing of the remaining costs and liabilities relating to the Incident, the impact of the Incident on the reputation of the group and the resulting possible impact on the group's licence to operate including its ability to access new opportunities. The amount of claims, fines and penalties that become payable by the BP group (including as a result any potential determination of the BP group's negligence or gross negligence), the outcome of litigation, the terms of any further settlements including the amount and timing of any payments thereunder, and any costs arising from any longer-term environmental consequences of the Incident, will also impact upon the ultimate cost for the BP group.

These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause BP group's costs to increase materially. 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 risks associated with the Incident could also heighten the impact of the other risks to which the group, and subsequently 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 2013.

BP CHEMICALS LIMITED

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Strategic and commercial 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 the terms of access to new opportunities, licence costs and product prices, affects oil products marketing and requires continuous management focus on 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 by its failure to adequately protect the company's brands and trademarks. The company's competitive position in comparison to its peers could be adversely affected if it fails to control its operating costs or manage its margins, or if it fails to sustain, develop and operate efficiently a high quality portfolio of assets.

People and capability

Successful recruitment of new staff, employee training, development and continuing enhancement of skills, in particular technical capabilities such as petroleum engineers and scientists, are key to implementing the company's plans. Inability to develop and retain human capacity and capability, both across the organisation and in specific operating locations, could jeopardise performance delivery. The company relies on recruiting and retaining high-quality employees to execute its strategic plans and to operate its business.

Compliance and control risks

Ethical misconduct and non-compliance

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 BP group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Incident, together with the potential cost and burdens of implementing remedies sought in the various proceedings, have had, and are expected to continue to have, a material adverse impact on the group's business and consequently may also impact the company's business. Further information is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2013.

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.

BP CHEMICALS LIMITED

STRATEGIC REPORT

Principal risks and uncertainties (continued)

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 risk 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 while at the company's facilities or premises could lead to injuries or loss of life and could result in regulatory action, legal liability and damage to the company's reputation.

The company's operations are often conducted in hazardous, remote 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 and safety 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 denial of licence to operate.

BP's group-wide operating management system (OMS) intends to address health, safety, security, environmental and operations risks, and aims to provide a consistent framework within which the group can analyse the performance of its activities and identify and remediate shortfalls. 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 conformance with OMS at all times.

Financial risk management

The main financial risks faced by the company which arise from natural business exposures, are market risks relating to foreign currency exchange rates and commodity prices. The management of these financial risks are 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. The primary commodity price risks that the company is exposed to include oil, natural gas and power prices that could adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The BP 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

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Financial risk management (continued)

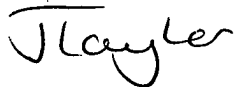
Market risk (continued)

The major component of market risk is foreign currency exchange risk, which is discussed below.

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. The main underlying economic currency of the BP group's cash flows is the US dollar. This is because the BP group's major product, oil, is priced internationally in US dollars. The BP group's foreign currency exchange management policy is to limit economic and material transactional exposures arising from currency movements against the US dollar. The BP 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 currency 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.

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

17 SEPTEMBER 2014

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP CHEMICALS LIMITED

DIRECTORS' REPORT

Directors

The present directors are listed on page 1.

There have been no director appointments or resignations since 1 January 2013.

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

Dividends

The company has not declared any dividends during the year (2012: £Nil). The directors do not propose the payment of a dividend.

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium Companies and Group Regulations 2008 in the strategic report under Financial risk management.

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability 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.

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.

Disabled employees

The company gives full and fair 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

DIRECTORS' REPORT

Employee involvement

During the year, the BP group continued its policy of providing employees with information on matters of concern to them. Executive team members hold regular town halls and webcasts to communicate with our employees around the world. We conduct an employee engagement survey to monitor employee attitudes and identify areas for improvement. In particular, information relating to group performance and group policies has been readily available to employees through the 'One BP' intranet web-site.

We encourage employee share ownership. For example, through the ShareMatch plan run in around 50 countries, we match BP shares purchased by our employees.

Auditor

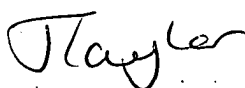
In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year.

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



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

17 September 2014

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 Strategic Report, 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 adequate 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 2013 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 15. 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2013 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 Strategic Report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

19 September 2014

BP CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

		<u>2013</u>	<u>2012</u>
	Note	£000	£000
Turnover	2	92,732	90,773
Administration expenses		<u>(91,381)</u>	<u>(89,478)</u>
Operating profit	3	1,351	1,295
Loss on termination of operations		-	(241)
Profit on liquidation of subsidiary undertaking	5	<u>1,162</u>	<u>-</u>
Profit before taxation		2,513	1,054
Taxation	6	<u>(283)</u>	<u>(275)</u>
Profit for the year		<u>2,230</u>	<u>779</u>

The profit of £2,230,000 for the year ended 31 December 2013 was derived in its entirety from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

There are no recognised gains or losses attributable to the shareholders of the company other than the profit for the year.

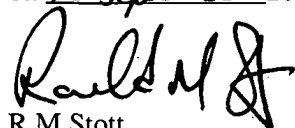
BP CHEMICALS LIMITED

(Registered No. 00194971)

BALANCE SHEET AT 31 DECEMBER 2013

	Note	2013 £000	2012 £000
Fixed assets			
Investments	8	108,073	114,073
Current assets			
Cash at bank and in hand		488	518
Creditors: amounts falling due within one year	9	(69,850)	(78,110)
Net current liabilities		(69,362)	(77,592)
NET ASSETS		38,711	36,481
Represented by			
Capital and reserves			
Called up share capital	10	12,500	12,500
Share premium account	11	8,724	8,724
Profit and loss account	11	17,487	15,257
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		38,711	36,481

The financial statements of BP Chemicals Limited were approved for issue by the Board of Directors on 16 September 2014 and were signed on its behalf by:



R M Stott
Director

17 September 2014

BP CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2013**

1. Accounting Policies

Accounting standards

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards.

The principal accounting policies are set out below and have been applied consistently throughout the year.

Accounting convention

The accounts are prepared under the historical cost convention.

Basis of preparation

At 31 December 2013 the company's balance sheet had net current liabilities amounting to £69,362,000. The company has positive net assets of £38,711,000.

The directors consider it appropriate to prepare the accounts on a going concern basis.

Cash flow statement and related party disclosures

The group accounts of the ultimate parent undertaking, which are publicly available, contain a consolidated cash flow statement. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash Flow Statements" (Revised 1996). The company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are wholly-owned members of the BP group. For details of other related party transactions see note 13.

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 p.l.c., 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 is derived from BP group companies and is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of customs duties and sales taxes.

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

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2013**

1. Accounting Policies (continued)

Research

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

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.

Creditors

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

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company. Deferred bonus arrangements that have a vesting date more than 12 months after the period end are valued on an actuarial basis using the projected unit credit method and amortised on a straight line basis over the service period until the award vests. The accounting policy for pensions and other post-retirement benefits is described below.

Pensions

The defined benefit pension scheme is a multi-employer scheme administered by the ultimate parent company, BP p.l.c. The company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and so the scheme has been accounted for as a defined contribution scheme as allowed by FRS 17 "Retirement Benefits". Contributions to the scheme are charged through the company's profit and loss account in the year in which they become payable. Detailed disclosures have been made in the financial statements of the ultimate parent company.

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

BP CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to group companies.

An analysis of turnover by geographical market is given below:

	<u>2013</u>	<u>2012</u>
	£000	£000
By geographical area:		
UK	90,234	87,888
Rest of World	2,498	2,885
Total	<u>92,732</u>	<u>90,773</u>

3. Operating profit

This is stated after charging:

	<u>2013</u>	<u>2012</u>
	£000	£000
Expenditure on research	<u>43,305</u>	<u>41,150</u>

4. Auditor's remuneration

	<u>2013</u>	<u>2012</u>
	£000	£000
Fees for the audit of the company	<u>13</u>	<u>12</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 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.

5. Profit on liquidation of subsidiary undertaking

	<u>2013</u>	<u>2012</u>
	£000	£000
Profit on liquidation of subsidiary undertaking	<u>1,162</u>	<u>-</u>

In 2013, profit was made on liquidation of the company's subsidiary undertaking, BP Korea Marketing Limited where all the subsidiary's distributable reserves were paid up to the company and the share capital of the subsidiary was cancelled, resulting in net profit on liquidation as disclosed above.

BP CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2013**

6. Taxation

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. No UK 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 UK tax that arises without charge.

The tax charge is made up as follows:

	2013	2012
	£000	£000
<u>Current tax</u>		
Overseas tax on income for the year	283	275
Total current tax charged	<u>283</u>	<u>275</u>

(a) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% for the year ended 31 December 2013 (2012 – 24%). The differences are reconciled below:

	2013	2012
	UK	UK
	£000	£000
Profit before taxation	2,513	1,054
Current taxation	283	275
Effective current tax rate	11%	26%
	<u>2013</u>	<u>2012</u>
	UK	UK
	%	%
UK corporation tax rate:	23	24
Increase / (decrease) resulting from:		
Current overseas tax	11	26
Non-taxable income	(20)	(15)
Double tax relief	(11)	(26)
Free group relief	6	(25)
Transfer pricing adjustment	2	42
Effective current tax rate	<u>11</u>	<u>26</u>

The permanent and timing differences shown in the current tax rate reconciliation above are those that arise for UK corporation tax purposes, rather than overseas tax purposes.

BP CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

7. Directors and employees

(a) Remuneration of directors

The total remuneration for all serving directors for their period of directorship to the company amounted to £123,000 (2012: £118,000). Furthermore, a number of directors are senior executives of the BP p.l.c. Group and received no remuneration for services to this company or its subsidiary undertakings.

All three directors are members of the defined benefit section of the BP Pension Fund at 31 December 2013 (2012: Three) and none of the directors exercised share options over BP p.l.c. shares during the year (2012: None).

(b) Employee costs

	<u>2013</u>	<u>2012</u>
	£000	£000
Wages and salaries	35,329	36,029
Social security costs	3,218	2,735
Pension costs	10,388	10,042
	<u>48,935</u>	<u>48,806</u>

(c) The average monthly number of employees during the year was 597 (2012: 566)

8. Investments

	<u>Subsidiary shares</u>
Cost	£000
At 1 January 2013	119,285
Disposals	<u>(6,000)</u>
At 31 December 2013	<u>113,285</u>
Impairment losses	
At 1 January 2013 and 31 December 2013	<u>5,212</u>
Net book amount	
At 31 December 2013	<u>108,073</u>
At 31 December 2012	<u>114,073</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.

BP CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

8. Investments (continued)

The subsidiary undertakings of the company at 31 December 2013 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	Class of share held	%	Country of incorporation	Principal activity
BXL Plastics Limited	Deferred & Ordinary	100	England and Wales	Plastics
BP Chemicals (Korea) Limited	Ordinary	100	England and Wales	Chemicals
BP World-Wide Technical Services Limited	Ordinary	100	England and Wales	Chemicals
BP Chemicals France Holding	Ordinary	100	France	Holding company

9. Creditors

	<u>2013</u>	<u>2012</u>
	Within	Within
	1 year	1 year
	£000	£000
Amounts owed to group undertaking	63,866	72,228
Other creditors	5,972	5,877
Bank overdraft	12	5
	<u>69,850</u>	<u>78,110</u>

10. Called up share capital

	<u>2013</u>	<u>2012</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>

11. 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 2013	12,500	8,724	15,257	36,481
Profit for the year	-	-	2,230	2,230
At 31 December 2013	<u>12,500</u>	<u>8,724</u>	<u>17,487</u>	<u>38,711</u>

BP CHEMICALS LIMITED

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12. Reconciliation of movements in shareholders' funds

	2013	2012
	£000	£000
Profit for the year	2,230	779
Net increase in shareholders' funds	2,230	779
Shareholders' funds at 1 January	36,481	35,702
Shareholders' funds at 31 December	<u>38,711</u>	<u>36,481</u>

13. Related party transactions

The company has taken advantage of the exemption contained within FRS 8 "Related Party Disclosures", and has not disclosed transactions entered into with wholly-owned group companies.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, are as follows.

Related party	Relationship	Description	Sales to related party	Amounts owed from related party
			£000	£000
BP YPC Acetyls Company (Nanjing) Limited	Group joint venture undertaking	Royalty & licensing		
2013			1,334	369
2012			1,301	295
Formosa BP Chemicals Corporation	Group joint venture undertaking	Royalty & licensing		
2013			39	-
2012			39	-
Yangtze River Acetyls Co., Ltd	Group joint venture undertaking	Royalty & licensing		
2013			1,125	232
2012			1,544	339

14. 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 2011 and the date of the most recent actuarial review was 31 December 2013. During 2013, employer contributions of £372m (2012: £550m) and member contributions of £22m (2012: £23m) were made to the BP Pension Fund.

BP CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2013**

14. Pensions (continued)

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 2011, have been reflected into the disclosures required by FRS 17 for the year ended 31 December 2013, and are included within the accounts of 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.

15. Immediate controlling parent undertaking

The immediate parent undertaking is BP Chemicals Investments Limited, a company registered in England and Wales. The ultimate controlling parent undertaking is BP p.l.c., a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of BP p.l.c. can be obtained from 1 St James's Square, London, SW1Y 4PD.