

**BP CHEMICALS LIMITED**  
**(Registered No. 194971)**

**ANNUAL REPORT AND ACCOUNTS 1994**

Board of Directors:	B K Sanderson (Chairman)
	Dr C S Gibson Smith
	M C Buzzacott
	P A Pearson
	Dr J K Robinson

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**REPORT OF THE DIRECTORS**

The Directors present their report and accounts for the year ended 31 December 1994.

**Principal Activity**

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

**Results**

An interim dividend for 1994 of £50,000,000 was declared and paid. The retained loss for the year after taxation and the interim dividend was £17,275,000 which has been deducted from the retained profit brought forward of £44,233,000. After an exchange gain of £1,351,000 retained profit of £28,309,000 was carried forward at 31 December 1994.

**Research and development**

The company, on behalf of itself and its subsidiaries, was engaged in a wide range of research and development activities in connection with the manufacture of chemicals and plastics.

**Directors**

Mr B K Sanderson, Dr J G Buchanan, Mr M C Buzzacott, Mr P A Pearson and Dr J K Robinson were directors throughout the financial year. Mr J A Barlow was appointed a director in place of Mr S R Pettit with effect from 11 February 1994. Mr A J S Hooper and Mr J A Barlow resigned on 7 September and 31 December 1994 respectively. Dr C S Gibson-Smith was appointed a director with effect from 1 September 1995 in place of Dr J G Buchanan who resigned with effect from 31 August 1995.



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

**Directors interests**

The interests of the directors holding office at 31 December 1994, other than a director of the ultimate parent undertaking, and their families, in the 25p ordinary shares of The British Petroleum Company p.l.c. were as set out below:

	<u>31 December 1994</u>	<u>1 January 1994 or date of appointment</u>
J A Barlow	15,708	14,137
J G Buchanan	52,754	58,016
M C Buzzacott	9,845	8,057
P A Pearson	17,278	16,547
J K Robinson	5,581*	3,341*

\* Held in American Depository Shares.

In addition, rights to subscribe for 25p ordinary shares in The British Petroleum Company plc. were granted to, or exercised by, those directors between 1 January, or date of appointment, and 31 December 1994 as follows:

	<u>Granted</u>	<u>Exercised</u>
J A Barlow	Nil	3,640
J G Buchanan	1,071	1,538
M C Buzzacott	1,071	1,538
P A Pearson	Nil	22,800
J K Robinson	Nil	31,500

No director had any interest in the shares or debentures of subsidiary undertakings of The British Petroleum Company p.l.c. at 31 December 1994.

**Insurance**

Pursuant to Section 310 of the Companies Act 1985, for the year ended 31 December 1994, policies of insurance have been purchased and maintained by the ultimate parent undertaking for the directors and officers of the company against the financial consequences of actions brought against them by outside parties for their acts or omissions in the performance of their duties as directors and officers of the company.

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

**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 policy of providing employees with information about the group has been continued through the newsletter 'BP News' in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas.


**Health safety and environment**

BP Chemicals, in supporting the principles of responsible care and the BP Group's Health, Safety and Environment strategy, is striving to become an industry leader in this area. By setting tough emission control targets, investing in cleaner manufacturing technologies and developing innovative and safe products which do not harm the environment, the company seeks to win the public's trust and thus earn its licence to operate.

**Auditors**

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually and Ernst & Young continue in office.

By order of the Board

 (B. P. E. S. V. O. R.)

**ASSISTANT** Secretary

Registered Office  
Britannic House  
1 Finsbury Circus  
London EC2M 7BA

13 September 1995

**BP CHEMICALS LIMITED**

**STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements.

**BP CHEMICALS LIMITED**

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

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

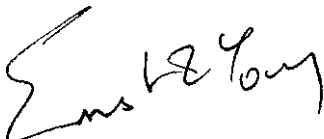
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

 (ERNST & YOUNG)

Chartered Accountants  
Registered Auditor  
London

13 September 1995



**BP CHEMICALS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994**

	Note	1994 £000	1993 £000
<b>Turnover - continuing operations</b>	2	375,012	483,697
Cost of Sales		(333,204)	(427,795)
<b>Gross Profit</b>		41,808	55,902
Distribution & administration expenses	3	(5,366)	(6,344)
Other income	4	235	16
<b>Operating profit - continuing operations</b>		36,677	49,574
Interest expense	5	(36)	(741)
Profit/(loss) on disposal of operations		376	-
Loss on sale of investment		-	(830)
<b>Profit before taxation</b>		37,017	48,003
Taxation	10	(4,292)	(8,421)
<b>Profit for the year</b>		32,725	39,582
Dividend	11	(50,000)	(30,000)
<b>Retained profit/(loss) for the year</b>		(17,275)	9,582
Retained profit brought forward		44,233	35,550
Exchange gain/(loss) arising on translation of Net investments in foreign currency branches		1,351	(899)
<b>Retained profit for the year</b>		28,309	44,233

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £32,725,000 in the year ended 31 December 1994 and a profit of £39,582,000 in the year ended 31 December 1993.

*Len*

**BP CHEMICALS LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1994**

	Note	1994 £000	1993 £000
<b>Fixed assets</b>			
Tangible assets	12	24,788	24,215
Investments	13	73,246	75,267
		<hr/>	<hr/>
		98,034	99,482
<b>Current assets</b>			
Stocks	14	16,343	9,859
Debtors - due within one year	15	32,375	20,936
- due after one year	15	110,224	123,448
Cash at bank and in hand		12,511	7,948
<b>Creditors - amounts falling due within one year</b>	16	(219,885)	(189,338)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(48,432)	(27,147)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		49,602	72,335
<b>Creditors - amounts falling due after more than one year</b>	16	(69)	(4,065)
Provision for liabilities and charges	17	-	(2,813)
		<hr/>	<hr/>
<b>SHAREHOLDERS' INTEREST</b>		49,533	65,457
		<hr/>	<hr/>
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called-up share capital	18	12,500	12,500
Share premium	19	8,724	8,724
Profit and loss account		28,309	44,233
		<hr/>	<hr/>
		49,533	65,457
		<hr/>	<hr/>

*Bryan K. Sanderson* Director  
*13 September* 1995

(BKSANDERSON)

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**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**1. Accounting Policies**

- (a) The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (b) Group accounts are not submitted as BP Chemicals Limited is a wholly-owned subsidiary undertaking in the BP Group of Companies. Income of associated undertakings is dealt with in the accounts of the ultimate parent undertaking and only dividend income received is reflected in these accounts.

As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No. 1, a cash flow statement is not presented in these accounts.

- (c) Expenditure on research is written off in the year in which it is incurred.
- (d) Depreciation on tangible fixed assets is calculated on a straight line method over their estimated useful lives.
- (e) Stocks of products are valued at the lower of cost, including overheads where applicable, and net realisable value.
- (f) Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange; profit and loss accounts are translated at average rates of exchange. Exchange differences resulting from the translation at closing rates of net investments in foreign currency branches, together with differences between profit and loss accounts translated at average rates and at closing rates, are dealt with in retained profits. All other exchange gains or losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit for the year.
- (g) Deferred taxation is calculated using the liability method. Provision is made where timing differences are expected to reverse in the foreseeable future.
- (h) Pension costs represent the contributions made to The BP Pension Fund.

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**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**2. Turnover**

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

	1994 £000	1993 £000
Geographical analysis:		
United Kingdom	264,161	386,857
Rest of Europe	110,664	96,515
Rest of World	187	325
	<hr/>	<hr/>
	375,012	483,697
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**3 Distribution and administration expenses**

	1994 £000	1993 £000
Distribution	96	212
Administration	5,270	6,132
	<hr/>	<hr/>
	5,366	6,344
	<hr/>	<hr/>

**4 Other income**

	1994 £000	1993 £000
Trade investment - dividend	-	16
Miscellaneous	235	-
	<hr/>	<hr/>
	235	16
	<hr/>	<hr/>

**5 Interest expense**

	1994 £000	1993 £000
Fellow subsidiary undertakings	230	939
Other interest	4	4
Less interest received	(198)	(202)
	<hr/>	<hr/>
	36	741
	<hr/>	<hr/>

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**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**6 Depreciation**

	1994 £000	1993 £000
Depreciation charged for the year	3,310	3,880

**7 Auditors' remuneration**

	1994 £000	1993 £000
Overseas fees and expenses	40	44

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

**8 Research and development**

	1994 £000	1993 £000
Expenditure on research	53,472	58,819

**9 Directors and employees**

	1994 £000	1993 £000
Employee costs		
Wages and salaries	108,182	119,849
Termination payment	18,889	8,321
Social Security costs	17,328	13,276
Pension costs	(6,916)	(750)
	137,483	140,696

**Average employee numbers**

	1994		1993	
	UK	Non-UK	UK	Non-UK
Manufacturing	2,610	275	2,950	287
Distribution & marketing	656	70	321	69
Administration	565	36	1,033	36
	3,831	381	4,304	392

The Chairman and the remaining directors are senior executives of, and are remunerated by, The British Petroleum Company p.l.c. or a subsidiary undertaking thereof and received no remuneration for services provided to this company or its subsidiaries.

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**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**9. Directors and employees (continued)**

**Pensions**

The company is a participating employer in the BP Group's principal UK pension plan (The BP Pension Fund). The BP Pension Fund is separately funded and provides benefits that are computed based on an employee's years of service and final pensionable salary. Contributions are made to The BP Pension Fund on the basis of advice from independent actuaries, using actuarial methods the objective of which is to provide adequate funds to meet pension obligations as they fall due, and are based on pension costs in respect of all members of the fund. Contributions have been suspended since October 1993. Actuarial surpluses and deficiencies are amortised over the expected remaining service lives of members and charged or credited to income as appropriate in the accounts of BP International Limited, a parent undertaking, having regard to the overall position of the Fund. Particulars of the most recent actuarial valuation of The BP Pension Fund as at 1 January 1993 are included within the financial statements of the ultimate parent undertaking.

**10. Taxation**

	1994 £000	1993 £000
<b>United Kingdom taxation</b>		
Current at 33% (1993 33%)	4,186	5,241
Overseas tax relief	(4,186)	(5,241)
	<hr/>	<hr/>
	-	-
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The company is a member of a group for the purposes of relief under section 402 of the Income and Corporation Taxes Act 1988. The corporation tax liability for the year has been partially covered by double tax relief and owing to the availability of group relief no provision has been made in the accounts of this company for the balance of the liability. The group's current corporation tax liability has been provided in the accounts of BP International Limited, a fellow subsidiary undertaking.

Provision for UK deferred taxation is not required.

	1994 £000	1993 £000
<b>Overseas taxation</b>		
Corporation tax at 33.1/3% (1993 33.1/3%)	3,442	3,304
Other overseas tax	1,021	2,304
Deferred tax - France	(171)	2,813
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	4,292	8,421
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**BP CHEMICALS LIMITED**  
**NOTES TO THE ACCOUNTS**

**11. Dividends**

An interim dividend paid during 1994 amounted to £50,000,000 (1993-£30,000,000).

**12. Tangible assets**

	£000
Chemicals fixed assets	
<b>Cost</b>	
At 1 January 1994	53,459
Exchange adjustments	2,240
Additions	2,992
Deletions	(572)
<b>At 31 December 1994</b>	<b>58,119</b>
<b>Depreciation</b>	
At 1 January 1994	29,244
Exchange adjustments	1,226
Provided for year	3,310
Deletions	(449)
<b>At 31 December 1994</b>	<b>33,331</b>
<b>Net book amount</b>	
At 31 December 1994	24,788
At 31 December 1993	24,215
Depreciation rates: 5% to 25%	
<b>Included within above assets:</b>	
	£000
Freehold land at net book amount	
At 31 December 1993	899
Additions	88
Exchange adjustment	38
<b>At 31 December 1994</b>	<b>1,025</b>

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**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**13. Fixed assets - investments**

	<u>Subsidiary undertakings</u> £'000	<u>Associated undertakings</u> £'000	<u>Trade Investment</u> £'000	<u>Total</u> £'000
<b>Cost</b>				
At 1 January 1994	74,763	1,862	159	76,784
Additions	-	-	-	-
Disposals	-	(1,862)	(159)	(2,021)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	74,763	-	-	74,763
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amounts provided</b>				
At 1 January 1994	1,517	-	-	1,517
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	1,517	-	-	1,517
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>				
At 31 December 1994	73,246	-	-	73,246
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	73,246	1,862	159	75,267
	<hr/>	<hr/>	<hr/>	<hr/>

In the opinion of the directors, the value of shares and loans in the company's associated and subsidiary undertakings is not less than the amounts at which they are shown in the balance sheet.

Listed below are the more important subsidiary undertakings at 31 December 1994, all of which are directly held and engaged in chemical activity. A full list of investments in subsidiary undertakings will be attached to the company's annual return.

Subsidiary undertakings	Country of Registration	Shares Held	Percentage
BXL Plastics Ltd	England & Wales	Ordinary	100
BXL Plastics Ltd	England & Wales	Deferred	100
Honeywell & Stein Ltd	England & Wales	Ordinary	100
BP Chemicals (Korea) Ltd	England & Wales	Ordinary	100
BP Chemicals Marketing Ltd	England & Wales	Ordinary	100
BP Chemicals Technical Services Ltd	England & Wales	Ordinary	100

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**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**14. Stocks**

	1994 £000	1993 £000
Raw materials	4,716	2,848
Finished products	10,025	5,296
Stores	1,602	1,715
	<u>16,343</u>	<u>9,859</u>

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

**15. Debtors**

	1994		1993	
	Due Within 1 year £000	Due After 1 year £000	Due Within 1 year £000	Due After 1 year £000
Trade	71	-	102	-
Subsidiary undertakings	-	55,275	-	55,817
Parent undertakings	-	24,529	-	36,578
Fellow subsidiary undertakings	25,802	28,372	14,894	29,717
Taxation recoverable	162	-	241	-
Other	6,340	2,048	5,699	1,336
	<u>32,375</u>	<u>110,224</u>	<u>20,936</u>	<u>123,448</u>

**16. Creditors**

	1994		1993	
	Due within 1 year £000	Due after 1 year £000	Due within 1 year £000	Due after 1 year £000
Bank overdrafts	1,558	-	947	-
Trade	3,921	-	3,587	-
Subsidiary undertakings	32,508	-	-	3,981
Fellow subsidiary undertakings	55,824	-	60,738	-
Parent undertakings	104,823	-	116,819	-
Accruals	3,195	-	550	-
Taxation payable	428	-	505	-
Social Security costs	1,180	-	1,087	-
Other	16,448	69	5,105	84
	<u>219,885</u>	<u>69</u>	<u>189,338</u>	<u>4,065</u>

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**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**17. Provision for liabilities and charges**

	1994 £000	1993 £000
<b>Deferred taxation</b>		
UK full potential	2,797	2,690
Less: Double Tax Relief	(2,797)	(2,690)
	<hr/>	<hr/>
France: full potential	2,894	2,813
	<hr/>	<hr/>
	<u>2,894</u>	<u>2,813</u>

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

**18. Called up Share Capital**

	1994 £000	1993 £000
Authorised, allotted and fully paid 12,500,000 Ordinary shares of £1 each	12,500	12,500
	<hr/>	<hr/>

**19. Reconciliation of Shareholders' Funds and Movements on Reserves**

	<u>Share Capital</u> £'000	<u>Share Premium</u> £'000	<u>Profit &amp; Loss</u> £'000	<u>Total</u> £'000
At 1 January 1994	12,500	8,724	44,233	65,457
Loss for the year	-	-	(15,924)	(15,924)
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At 31 December 1994	<u>12,500</u>	<u>8,724</u>	<u>28,309</u>	<u>49,533</u>

**20. Capital commitments**

Authorised future capital expenditure is estimated at £9,852,000 (1993 - £9,861,000) including approximately £2,992,000 (1993 - £4,011,000) for which contracts have been placed.

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**BP CHEMICALS LIMITED**

**NOTES TO THE ACCOUNTS**

**21. Ultimate Parent Undertaking**

The ultimate parent undertaking of the group of undertakings for which accounts are drawn up and of which the Company is a member is The British Petroleum Company p.l.c., a company registered in England and Wales.

Copies of the accounts can be obtained from the Company Secretary at The British Petroleum Company p.l.c., Britannic House, 1 Finsbury Circus, London, EC2M 7BA.