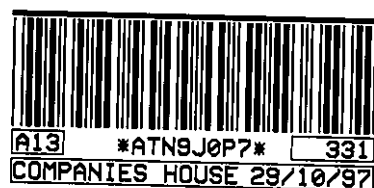




BP CHEMICALS TRADING LIMITED

Registered Number: 496887

ANNUAL REPORT AND ACCOUNTS - 1996



Board of Directors:

M. E. Perkins	(Chairman and Managing Director)
Dr J.K. Robinson	
C. P. Saunders	

Company Secretary:

Miss H Stanley

Bankers

Citibank N.A.
111 Wall Street
6th Fl/6
New York
NY 10043

Royal Bank of Canada
71 Queen Victoria
London EC4V 4DE

HSBC Trade Services
6 Arthur Street
London
EC4R 9HR

ABN Amro Bank
101 Moorgate
London EC2M 6SB

Standard Chartered Bank
New London Bridge House
25 London Bridge Street
London SE1 9TB

Solicitors

BP Chemicals Legal Department
6th Floor
Britannic House
1 Finsbury Circus
London EC2M 7BA

Auditors

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended 31 December 1996.

During the year, owing to falling commodity prices, the Company saw turnover decline. Gross profits also fell, and selling and administration expenses increased due to general inflation. Overall, before financing, the Company made a small operating profit.

The loss for the year, after taxation, of \$89,000, when deducted from the retained profit brought forward of \$973,000 gives a retained profit carried forward of \$884,000. The Directors do not recommend the payment of a dividend (1995 - nil)

For 1997, the Directors expect that difficult market conditions may continue but that the Company will trade successfully, expanding where possible and will retain good liquidity.

Dr J.K. Robinson (Chairman), Mr M.E. Perkins and Mr C.P. Saunders served as directors of the company throughout the financial year. Mr M.E. Perkins was appointed chairman in place of Dr J.K. Robinson on 1 March 1997.

The interests of the directors holding office on 31 December 1996, and their families, in the 25p ordinary shares of The British Petroleum Company p.l.c. were as set out below.

	1 January 1996	31 December 1996
J.K. Robinson	9,528	14,728
M.E. Perkins	9,460	10,265
C.P. Saunders	1,539	1,539

Dr Robinson's interests were held in the form of American Depositary Receipts.

Rights to subscribe for 25p ordinary shares were granted to, or exercised by, the directors between 1 January and 31 December 1996 as follows:

	Granted	Exercised
J.K. Robinson	nil	nil
M E Perkins	nil	24,000
C.P. Saunders	nil	nil

None of the directors had any interest in shares or debentures of subsidiary undertakings of The British Petroleum Company p.l.c. at 31 December 1996.

It is the Company's policy to follow the CBI's prompt payment code of practice for all suppliers to the Company. A copy of the code of practice may be obtained from the CBI.

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

H. Stanley

H. Stanley
Secretary

Breakspear Park
Breakspear Way
Hemel Hempstead
Hertfordshire
HP2 4UL

27 October 1997

BP CHEMICALS TRADING 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;
- prepare the 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 taking reasonable steps to safeguard the assets of the company and to prevent and detect 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 TRADING LIMITED

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

We have audited the accounts on pages 7 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 5 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.

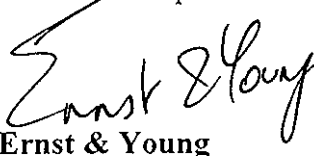
Basis of opinion

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 affairs of the company at 31 December 1996 and of its loss for the year then ended and have been prepared in accordance with the Companies Act 1985.


Ernst & Young

**Chartered Accountants
Registered Auditor**

London

27/10

1997

BP CHEMICALS TRADING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 US\$'000	1995 US\$'000
Turnover - continuing activities	2	94,845	132,647
Cost of Sales		<u>(92,029)</u>	<u>(129,667)</u>
Gross Profit		2,816	2,980
Selling and Administration expenses		<u>(2,793)</u>	<u>(2,792)</u>
Operating Profit - continuing activities		23	188
Interest Payable	6	<u>(112)</u>	<u>(150)</u>
(Loss)/Profit on ordinary activities before taxation		(89)	38
Taxation	7	<u>-</u>	<u>-</u>
(Loss)/Profit for the year		(89)	38
Balance brought forward at 1 January		<u>973</u>	<u>935</u>
Balance carried forward at 31 December		<u>884</u>	<u>973</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES.

There were no recognised gains and losses for the year other than the loss retained of US\$ 89,000 (1995 profit US\$ 38,000).

BP CHEMICALS TRADING LIMITED
BALANCE SHEET AS AT 31 DECEMBER 1996

	Note	1996 US\$'000	1996 US\$'000	1995 US\$'000	1995 US\$'000
Fixed Assets					
Tangible Assets	8		83		117
Current Assets					
Debtors	9	19,268		12,282	
Less:					
Creditors: amounts falling due within one year	10	<u>(18,280)</u>		<u>(11,239)</u>	
Net Current Assets			<u>988</u>		<u>1,043</u>
Total Assets less Current Liabilities			<u>1,071</u>		<u>1,160</u>
Represented by:					
Capital and Reserves					
Called Up Share Capital	11		187		187
Profit and Loss Account	12		<u>884</u>		<u>973</u>
Shareholders funds - equity interests	12		<u>1,071</u>		<u>1,160</u>

Cl Saunders
M E Perkins —
 Director

27/10 1997

SW

NOTES TO THE ACCOUNTS

1. Accounting Policies

- a) The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.
- b) Depreciation on tangible assets is calculated on a straight line basis over estimated useful lives.
- c) Transactions in foreign currencies other than US dollars are translated into US dollars at rates ruling at the date of the transaction. All exchange gains and losses on settlement or translation of monetary assets and liabilities are included in the determination of profit for the year.
- d) Deferred taxation is calculated using the liability method. Provision is made where timing differences are expected to reverse in the foreseeable future.
- e) Pension costs represent the contributions made to the BP Pension fund.
- f) The company is a wholly owned subsidiary of its ultimate parent undertaking, The British Petroleum Company p.l.c., which has published a group cash flow statement in accordance with Financial Reporting standard No. 1 (Revised). Accordingly, a cash flow statement is not presented in these accounts.

2. Turnover

Turnover comprises sales proceeds excluding customs duties and sales taxes and is derived from one activity, the sale of chemical products.

A geographical breakdown of the sales is as follows:

	1996	1995
United Kingdom	10%	11%
Western Europe	19%	9%
Asia / Pacific	60%	60%
Rest of the World	11%	20%



3. Depreciation

	1996 US\$'000	1995 US\$'000
Annual charge	<u>21</u>	<u>12</u>

4. Auditors' remuneration

	1996 US\$'000	1995 US\$'000
Audit services	21	21
Other services	<u>-</u>	<u>-</u>
	<u>21</u>	<u>21</u>

5. Directors and Employees

	1996 US\$'000	1995 US\$'000
Wages and salaries	460	427
Social security costs	40	36
Pension costs	<u>53</u>	<u>35</u>
	<u>553</u>	<u>498</u>

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 defined benefits that are computed on the basis of 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. 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 1995 are included within the financial statements of the ultimate parent undertaking.

The charge to profit for the year for pensions is US\$ 53,000 (1995 US\$35,000).

Average employee numbers

	1996	1995
Selling and administration	<u>9</u>	<u>9</u>

Directors' emoluments

During the financial year no directors' fees were paid. Three directors were senior executives of BP Chemicals Limited, and received no remuneration for services provided to this company.

6. Interest Payable

	1996 US\$'000	1995 US\$'000
Bank Loans and overdrafts	<u>112</u>	<u>150</u>

7. United Kingdom Taxation

The company is a member of a group for the purposes of relief under section 402 of the Income and Corporation Taxes Act 1988. No corporation tax liability arises.

No provision for deferred taxation is required at 31 December 1996

8. Tangible Assets

	Office Machines US\$'000
<u>Cost</u>	
At 1 January 1996	159
Additions	17
Transfers Out	(30)
At 31 December 1996	146
<u>Depreciation</u>	
At 1 January 1996	42
Additions	21
At 31 December 1996	63
Net Book Amount at 31 December 1996	83
Net Book Amount at 31 December 1995	<u>117</u>

Depreciation rates: Office Machines - 5 years straight line

9. Debtors - due within one year

	1996 US\$'000	1995 US\$'000
Trade	16,617	9,680
Fellow subsidiary undertakings	2,600	2,532
Prepayments and Other Debtors	<u>51</u>	<u>70</u>
	<u>19,268</u>	<u>12,282</u>

10. Creditors - due within one year

	1996 US\$'000	1995 US\$'000
Trade	607	2,997
Fellow subsidiary undertakings	12,650	7,870
Accrued charges and other creditors	5,023	372
Other taxes and social security costs	<u>0</u>	<u>0</u>
	<u>18,280</u>	<u>11,239</u>

11. Called Up Share Capital

	1996 £1	1996 £'000	1995 £1	1995 £'000
Ordinary Shares			Ordinary Shares	
Authorised, allotted and fully paid	100,000	<u>100</u>	100,000	<u>100</u>

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12. Reconciliation Of Shareholders Funds

	Share Capital US \$000	Profit & Loss account US \$000	Total US \$000
At 1 January 1996	187	973	1,160
Loss for the year	-	(89)	(89)
At 31 December 1996	<u>187</u>	<u>884</u>	<u>1,071</u>

13. Financial Commitments

Capital Expenditure

No future capital expenditure had been authorised as at 31 December 1996 (1995 US\$40,000). No contracts had been placed as at 31 December 1996 (31 December 1995 US\$ nil).

14. Ultimate parent undertaking

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 The British Petroleum Company p.l.c., a company registered in England and Wales.

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

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