

BP CHEMICALS TRADING LIMITED
(Registered Number: 496887)

ANNUAL REPORT AND ACCOUNTS 2003

Board of Directors: P Dixon (Chairman)
C P Saunders

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended 31 December 2003.

Principal activity

The Company is engaged in the worldwide trading of chemical and related products for both manufacturers and consumers.

Review of activities

Following a re-organisation within the Chemicals segment in BP, the activities of the company will be subsumed into another group company. Core trading activities were transitioned over the course of 2003 and there will be no new trading activity in 2004. As a result the Financial Statements have been prepared on a break-up basis.

Results and dividends

The loss for the year, after taxation, of \$33,000 when added to the retained profit brought forward of \$1,167,000 gives a retained profit carried forward of \$1,134,000. The Directors do not recommend the payment of a dividend (2002 - nil).

Directors

The present directors are listed above.

Mr. C P Saunders and Mr. P Dixon served as directors throughout the financial year.



BP CHEMICALS TRADING LIMITED

REPORT OF THE DIRECTORS

Directors' interests

The interests of the directors holding office on 31 December 2003, and their families, in the US\$0.25 ordinary shares of BP p.l.c. were as set out below.

	31 December 2003	31 December 2002
P Dixon	156,296	167,124
C P Saunders	42,566	40,595

In addition, rights to subscribe for ordinary shares in BP p.l.c. were granted to, or exercised by, the directors between 1 January 2003 and 31 December 2003 as follows:

	Granted	Exercised
P Dixon	53,200	-
C P Saunders	4,400	-

No director had any interest in shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2003.

Auditors

Ernst & Young LLP will continue in office as the company's auditor in accordance with the elective resolution passed by the company under Section 386 of the Companies Act 1985.

By order of the Board



Secretary

25 October 2004

Registered Office:
Chertsey Rd.
Sunbury on Thames
Middlesex
TW16 7BP

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 gives 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 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 which 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 for the year ended 31 December 2003 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements, 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 as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

25 October 2004

BP CHEMICALS TRADING LIMITED

ACCOUNTING POLICIES

Accounting Standards

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

Accounting convention

The financial statements have been prepared in accordance with the applicable UK accounting standards. They have been prepared on a break up basis reflecting the cessation of trading during the year. Accordingly, adjustments have been made to reduce the carrying value of assets to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Statement of cash flows

The Group financial statements 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.

Revenue recognition

Revenues associated with the sale of chemical products and all other items are recognized when the title passes to the customer.

Foreign currencies

Transactions in foreign currencies other than US dollars are recorded at the rate ruling at the date of the transaction. Assets and liabilities in currencies other than US dollars are translated into US dollars at closing rates of exchange. All exchange gains and losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit/loss for the year.

Pensions

Pension costs represent the contributions made to The BP Pension Fund.

In accordance with Statement of Standard Accounting Practice No 24 "Accounting for pension costs" the cost of providing pensions is charged to income on a systematic basis, with pension surpluses and deficits amortised over the expected average remaining service lives of current employees. The difference between the amounts charged to income and contributions made to the pension plans is included within pension provisions or debtors as appropriate.

The transitional disclosures of FRS 17 have been made in the accounts of the ultimate parent undertaking.

BP CHEMICALS TRADING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	<u>Note</u>	<u>2003</u> US\$'000	<u>2002</u> US\$'000
Turnover	1	38,611	93,983
Cost of Sales		<u>(36,219)</u>	<u>(90,293)</u>
Gross profit		2,392	3,690
Selling and Administration expenses		(2,311)	(2,438)
Other income		<u>51</u>	<u>0</u>
Operating profit/(loss)	2	132	1,252
Interest Payable	3	<u>(165)</u>	<u>(99)</u>
Profit/(loss) on ordinary activities before taxation		(33)	1,153
Taxation	4	<u>-</u>	<u>-</u>
Profit/(loss) for the year		(33)	1,153
Balance brought forward at 1 January		<u>1,167</u>	<u>14</u>
Balance carried forward at 31 December		<u>1,134</u>	<u>1,167</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2003

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of US\$33,000 for the year ended 31 December 2003 (2002 profit of US\$1,153,000).

BP CHEMICALS TRADING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	<u>Note</u>	<u>2003</u> US\$'000	<u>2002</u> US\$'000
Current Assets			
Debtors - amounts falling due within one year	6	8,037	16,706
Creditors: amounts falling due within one year	7	<u>(6,716)</u>	<u>(15,352)</u>
Net current assets		<u>1,321</u>	<u>1,354</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,321</u>	<u>1,354</u>
Represented by			
Capital and Reserves			
Called Up Share Capital	8	187	187
Profit and Loss Account	9	<u>1,134</u>	<u>1,167</u>
SHAREHOLDERS' FUNDS - EQUITY INTERESTS	9	<u>1,321</u>	<u>1,354</u>

CIS den

Director

25 October 2004

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, custom duties and sales comprises amounts invoiced to third parties.

A geographical breakdown of the sales is as follows:

	<u>2003</u> <u>\$'000</u>	<u>2002</u> <u>\$'000</u>
United Kingdom	2,335	2,303
Rest of Europe	14,232	20,882
Asia / Pacific	18,328	49,834
Rest of the World	<u>3,716</u>	<u>20,964</u>
	<u>38,611</u>	<u>93,983</u>

2. Operating profit / (loss)

This is stated after charging:

	<u>2003</u> US\$'000	<u>2002</u> US\$'000
Depreciation	0	3

Auditors' remuneration is dealt with in the accounts of the parent company undertaking. No fees were paid to the auditors for other services.

3. Interest payable and similar charges

	<u>2003</u> US\$'000	<u>2002</u> US\$'000
Bank charges	<u>165</u>	<u>99</u>

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

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 free group relief to the extent it is required and to provide for any current or deferred UK tax that arises without charge.

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

	<u>2003</u>	<u>2002</u>
	US\$'000	US\$'000
(Loss) / Profit before taxation	(33)	1,153
Current taxation	-	-
Effective current tax rate	0%	0
	<u>2003</u>	<u>2002</u>
	%	%
UK statutory corporation tax rate:	30	30
Increase/(decrease) resulting from:		
Non deductible / non taxed income	-	1
Group relief	(30)	(31)
Effective current tax rate	<u>0</u>	<u>0</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 (2002 - nil).

(b) Employee Costs

	<u>2003</u>	<u>2002</u>
	US\$'000	US\$'000
UK Wages and salaries	769	519
UK Social security costs	34	40
UK Pension costs	68	71
Non UK Employee costs	<u>291</u>	<u>624</u>
	<u>1,162</u>	<u>1,354</u>

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

5. Directors and Employees (continued)

(c) Average number of employees during the year

	<u>2003</u>	<u>2002</u>
Selling and administration - UK	6	7
Selling and Administration - ROW	<u>4</u>	<u>5</u>
Total employees	<u>10</u>	<u>12</u>

6. Debtors – amounts falling due within one year

	<u>2003</u> US\$'000	<u>2002</u> US\$'000
Trade	92	13,576
Fellow subsidiary undertakings	7,921	3,063
Prepayments	-	1
Other Debtors	<u>24</u>	<u>66</u>
	<u>8,037</u>	<u>16,706</u>

7. Creditors – amounts falling due within one year

	<u>2003</u> US\$'000	<u>2002</u> US\$'000
Trade	7	2,390
Fellow subsidiary undertakings	6,183	7,113
Accruals and deferred income	526	5,777
Other	<u>-</u>	<u>72</u>
	<u>6,716</u>	<u>15,352</u>

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

8 Called Up Share Capital

	<u>2003</u> £1	<u>2003</u> £'000	<u>2002</u> £1	<u>2002</u> £'000
	Ordinary Shares		Ordinary Shares	
Authorised, allotted, called up and fully paid	100,000	<u>100</u>	100,000	<u>100</u>

The capital was converted from £ Sterling into US\$ at a rate of \$1.871 / £1.000 on the 30/06/1995.

9. Reconciliation of shareholders' funds and movement on reserves

	<u>Share</u> <u>Capital</u> US \$000	<u>Profit &</u> <u>Loss account</u> US \$000	<u>Total</u> US \$000
At 1 January 2003	187	1,167	1,354
Loss for the year	<u>-</u>	<u>(33)</u>	<u>(33)</u>
At 31 December 2003	<u>187</u>	<u>1,134</u>	<u>1,321</u>

10. Pensions

The BP group's principal pension plan in the UK (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 (by certain fellow subsidiary undertakings) 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 the fall due, and are based on pension costs in respect of all members of the fund. Having regard to the overall position of the fund actuarial surpluses and deficiencies are amortised over the expected remaining service lives of members of this company. Details of the most recent actuarial valuation of the BP Pension Fund as at 1 January 2002 are included within the financial statements of the ultimate parent undertaking.

The charge to profit for the year for pensions is US\$ 68,000 (2002 US\$ 71,000).

11. Related Party Transactions

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

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

12. 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 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.