

BP CHEMICALS TRADING LIMITED

(Registered Number: 496887)

ANNUAL REPORT AND ACCOUNTS 2001

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 2001.

Principal activity

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

Review of activities

2001 was a poor year for BP Chemicals Trading. During the year the Company saw a sharp decrease in turnover due to lower prices and reduced business. The main contributing factors were the stagnant chemicals markets and a downturn in general trading conditions. For 2002, the directors expect that the market conditions may improve slightly. The Company will still continue to seek new profitable trading opportunities and further expand turnover where possible.

Results and dividends

The loss for the year, after taxation, of \$411,000, when deducted from the retained profit brought forward of \$425,000 gives a retained profit carried forward of \$14,000. The Directors do not recommend the payment of a dividend (2000 - 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 2001, and their families, in the US\$0.25 ordinary shares of BP p.l.c. (formerly BP Amoco p.l.c.) were as set out below.

	31 December 2001	1 January 2001
P Dixon	97,205	95,047
C P Saunders	34,493	33,571

In addition, rights to subscribe for ordinary shares in BP p.l.c (formerly BP Amoco p.l.c.) were granted to, or exercised by, the directors between 1 January 2001 or date of appointment and 31 December 2001 as follows:

	Granted	Exercised
P Dixon	15,500	Nil
C P Saunders	Nil	6,600

No director had any interest in shares or debentures of subsidiary undertakings of BP p.l.c. (formerly BP Amoco p.l.c.) at 31 December 2001.

Policy and practice with respect to 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. A copy of the code of practice may be obtained from the CBI.

The number of day's purchases represented by trade creditors at the year-end was 58.

Auditors

Ernst & Young LLP will continue 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

Registered Office:
Breakspear Park
Breakspear Way
Hemel Hempstead
Herts HP2 4UL
24 October 2002

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 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, or has access within the BP Group to, 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 2001, which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 14. These accounts have been prepared on the basis of the accounting policies set out therein.

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 financial statements, 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 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 as at 31 December 2001 and of the loss of the company 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

24 October 2002

See

BP CHEMICALS TRADING LIMITED

ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Accounting Standards

The BP group has adopted Financial Reporting Standard No. 18 "Accounting Policies" (FRS 18) with effect from 1 January 2001 and has made the transitional disclosures required by Financial Reporting Standard No.17 "Retirement Benefits" FRS 17. Adoption of Financial Reporting Standard 18 has not had any effect on the results for the year or required any restatement of prior year comparatives.

Group Accounts

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

Depreciation

Tangible fixed assets, are depreciated on the straight line method over their estimated useful lives.

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.

Deferred taxation

Deferred taxation is calculated using the liability method, in respect of timing differences arising primarily from the difference between the accounting and tax treatment of depreciation. Provision is made, or recovery anticipated, where timing differences are expected to reverse in the foreseeable future.

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.

Stock valuation

Stocks are valued at cost to the company using the first-in first-out method, or at net realisable value, whichever is the lower.

BP CHEMICALS TRADING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>Note</u>	<u>2001</u> US\$'000	<u>2000</u> US\$'000
Turnover - continuing activities	1	87,560	148,369
Cost of Sales		<u>(85,219)</u>	<u>(144,603)</u>
Gross profit		2,341	3,766
Selling and Administration expenses		<u>(2,598)</u>	<u>(2,778)</u>
Operating (loss)/profit - continuing activities	2	(257)	988
Interest Payable	3	<u>(154)</u>	<u>(348)</u>
(Loss)/profit on ordinary activities before taxation		(411)	640
Taxation	4	<u>—</u>	<u>—</u>
(Loss)/profit for the year		(411)	640
Balance brought forward at 1 January		<u>425</u>	<u>(215)</u>
Balance carried forward at 31 December		<u><u>14</u></u>	<u><u>425</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2001

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of US\$411,000 for the year ended 31 December 2001 (2000 profit of US\$640,000).

BP CHEMICALS TRADING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	<u>Note</u>	<u>2001</u> US\$'000	<u>2000</u> US\$'000
Fixed Assets			
Tangible Assets	6	3	2
Current Assets			
Stock	7	-	464
Debtors: amounts falling due within one year	8	12,458	19,973
Creditors: amounts falling due within one year	9	(12,260)	(19,827)
Net current assets		<u>198</u>	<u>610</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>201</u>	<u>612</u>
Represented by			
Capital and Reserves			
Called Up Share Capital	10	187	187
Profit and Loss Account	11	<u>14</u>	<u>425</u>
SHAREHOLDERS' FUNDS - EQUITY INTERESTS	11	<u>201</u>	<u>612</u>



Director

24 October 2002

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

1. 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:

	<u>2001</u> <u>\$'000</u>	<u>2000</u> <u>\$'000</u>
United Kingdom	9,140	30,194
Rest of Europe	22,010	11,939
Asia / Pacific	16,849	66,183
Rest of the World	<u>39,561</u>	<u>40,053</u>
	<u>87,560</u>	<u>148,369</u>

2. Operating loss / profit

This is stated after charging:

	<u>2001</u> <u>US\$'000</u>	<u>2000</u> <u>US\$'000</u>
Depreciation	1	8

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>2001</u> <u>US\$'000</u>	<u>2000</u> <u>US\$'000</u>
Payable on group loans	<u>154</u>	<u>348</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.

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 (2000 - nil).

The directors are senior executives of, and are remunerated by, BP p.l.c. (formerly BP Amoco p.l.c.) and received no remuneration for services provided to this company.

(b) Employee Costs

	<u>2001</u>	<u>2000</u>
	US\$'000	US\$'000
UK Wages and salaries	525	515
UK Social security costs	41	49
UK Pension costs	69	59
Non UK Employee costs	932	1,074
Shares	—	18
	<u>1,567</u>	<u>1,715</u>

(c) Average number of employees during the year

	<u>2001</u>	<u>2000</u>
Selling and administration - UK	8	8
Selling and Administration - ROW	<u>7</u>	<u>7</u>
Total employees	<u>15</u>	<u>15</u>

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

6. Tangible Assets

	<u>Office Machines</u> US\$'000
Cost	
At 1 January 2001	142
Deletions	-
Additions	<u>2</u>
At 31 December 2001	<u>144</u>
Depreciation	
At 1 January 2001	140
Disposals	-
Charge for the year	<u>1</u>
At 31 December 2001	<u>141</u>
Net book amount	
At 31 December 2001	<u>3</u>
At 31 December 2000	<u>2</u>

Depreciation rates: Office Machines - 5 years straight line

7. Stock

	<u>2001</u> US\$'000	<u>2000</u> US\$'000
Finished Goods	-	464

The difference between the carrying value of stocks and their replacement cost is not material.

8. Debtors - due within one year

	<u>2001</u> US\$'000	<u>2000</u> US\$'000
Trade	11,869	16,597
Fellow subsidiary undertakings	588	3,363
Prepayments and Other Debtors	<u>1</u>	<u>13</u>
	<u>12,458</u>	<u>19,973</u>

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

9. Creditors - due within one year

	<u>2001</u> US\$'000	<u>2000</u> US\$'000
Trade	4,297	11,175
Fellow subsidiary undertakings	2,161	5,990
Accrued charges	5,607	2,662
Other taxes	<u>195</u>	<u>-</u>
	<u>12,260</u>	<u>19,827</u>

10. Called Up Share Capital

	<u>2000</u> £1 Ordinary Shares	<u>2000</u> £'000	<u>1999</u> £1 Ordinary Shares	<u>1999</u> £'000
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.

11. Reconciliation of shareholders' funds and movement on reserves

	<u>Share Capital</u> US \$000	<u>Profit & Loss account</u> US \$000	<u>Total</u> US \$000
At 1 January 2001	187	425	612
Loss for the year	<u>-</u>	<u>(411)</u>	<u>(411)</u>
At 31 December 2001	<u>187</u>	<u>14</u>	<u>201</u>

BP CHEMICALS TRADING LIMITED

NOTES TO THE ACCOUNTS

12. 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 they 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 2001 are included within the financial statements of the ultimate parent undertaking.

The charge to profit for the year for pensions is US\$69,000 (2000 US\$59,000).

13. Related Party Transactions

The company has taken advantage of the exemption contained within FRS 8, and has not disclosed transactions with group companies. There were no other related party transactions in the year.

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 BP p.l.c. (formerly BP Amoco.p.l.c.) a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from Britannic House, 1 Finsbury Circus, London EC2M 7BA.