

## BP INTERNATIONAL LIMITED

## ANNUAL REPORT AND ACCOUNTS 1990

Board of Directors:- D.A.G. Simon - Chairman  
S.J. Ahearne  
M.T. Bentley  
S.W. Percy  
Dr. P.R. Vaight

## REPORT OF THE DIRECTORS

The directors submit their report and the accounts for the year ended 31 December 1990.

The company, which is based in the UK, is engaged internationally in oil, chemicals and related financing activities. It also provides services to other group undertakings and holds investments in subsidiary undertakings engaged in similar activities.

## Financial review

The profit for the year was £774 million. Interim dividends of £400 million were paid in respect of 1990 and the balance of retained profit at 31 December 1990 of £773 million is being carried forward.

## Review of activities

Oil activities comprise the results of BP International's Refining and Marketing business, as well as certain international business sectors which are managed in the United Kingdom. These showed an operating profit for the year of £68 million. This improvement reflected exceptional trading and refining margins in the wake of the invasion of Kuwait by Iraq.

The market for bulk chemicals weakened from the exceptional levels in previous years which together with the rise in feedstock costs and the shut down of a number of plants for maintenance resulted in a reduction in operating profit to £12 million in 1990.

Expenditure on research, before recoveries, amounted to £155 million supporting mainly the company's oil, chemicals and engineering activities.

Income from corporate activities of £1,175 million includes dividends from subsidiary undertakings of £680 million.

## Directors

The present directors of the company are listed above. Mr. D.A.G. Simon, Mr. S.J. Ahearne, Mr. M.T. Bentley, Mr. R.A. McGimpsey and Mr. S.W. Percy were directors throughout the financial year. Mr. A.P. Ravenscroft resigned on 1 May 1990, Mr. C.P. King resigned on 30 June 1990, Mr. R.A. McGimsey resigned on 1 July 1991 and Dr. P.R. Vaight was appointed on the same date.

## Presentor:

P.J. Walters  
Secretary's  
The British Petroleum Company p.l.c.  
Britannic House 1 Finsbury Circus  
London EC2M 7BA

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10 AUG 1991

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## REPORT OF THE DIRECTORS

The interests of the directors holding office on 31 December 1990 other than a director of the ultimate parent undertaking, and their families in the shares of The British Petroleum Company p.l.c. were as set out below:-

	Type of shares	1 January 1990	31 December 1990
S.J. Ahearne	25p ordinary	6,848	4,352
M.T. Bentley	25p ordinary	7,902	10,435
R.A. McGimpsey	25p ordinary	Nil	Nil
S.W. Percy	25p ordinary	7,092	7,728

Mr. S.W. Percy's interest was held in the form of American Depositary Shares.

None of the above had any interest in shares or debentures of subsidiary undertakings of The British Petroleum Company p.l.c. at 31 December 1990.

Rights to subscribe for 25p Ordinary Shares were granted to, or exercised by, the directors between 1 January and 31 December 1990 as follows:-

	Granted	Exercised
S.J. Ahearne	24,523	62,310
M.T. Bentley	22,800	10,500
R.A. McGimpsey	48,000	Nil
S.W. Percy	39,000	Nil

During the year insurance was 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.

### Auditors

Ernst & Young have expressed their willingness to continue in office as auditors, and a resolution proposing their appointment will be submitted at the annual general meeting.

By order of the Board,

  
R.C. GRAYSON  
Secretary

Britannic House,  
1 Finsbury Circus,  
London.  
EC2M 7BA

23 August 1991

REPORT OF THE AUDITORS

To the Members of BF International Limited

We have audited the accounts on pages 4 to 18 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1990 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernie Young*

Chartered Accountants  
London  
23 August 1991

## • ACCOUNTING POLICIES

### Accounting convention

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

### Group accounts

Group accounts are not submitted as the company is wholly-owned by The British Petroleum Company p.l.c.. Income of associated undertakings is dealt with in the accounts of the ultimate parent undertaking and only dividend income received is reflected in the company's accounts.

### Foreign currencies

Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange and profit and loss accounts are translated at average rates of exchange. All 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.

### Stock valuation

Stocks of oil and chemicals are valued at cost including overheads, using the first-in first-out method or at net realisable value, whichever is the lower. Stores are stated at or below cost calculated mainly using the average method.

### Depreciation

Depreciation on tangible fixed assets and patents and trade marks is calculated on the straight line method over their estimated useful lives.

### Leases

Assets held under leases which result in the company receiving substantially all risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments. The corresponding finance lease obligation is included with borrowings. Rentals under operating leases are charged against income as incurred.

### Interest

Interest is capitalised during the period of construction where it relates either to the financing of major projects with long periods of development or to dedicated financing of other projects. All other interest is charged against income.

### Research

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

### Deferred taxation

Deferred taxation is calculated using the liability method. Provision is made where timing differences are expected to reverse in the foreseeable future.

# INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1990

£ million

	<u>Note</u>	<u>1990</u>	<u>1989</u>
TURNOVER	1	10,360	9,266
Cost of sales		9,977	9,099
		<hr/>	<hr/>
GROSS PROFIT		383	167
Distribution expenses		118	120
Administration expenses		301	267
		<hr/>	<hr/>
		(36)	(220)
Other income	2	1,269	2,577
		<hr/>	<hr/>
OPERATING PROFIT	1	1,233	2,357
Interest and other similar charges	3	410	366
		<hr/>	<hr/>
PROFIT BEFORE TAXATION		823	1,991
Taxation	7	49	211
		<hr/>	<hr/>
PROFIT FOR THE YEAR		774	1,780
		<hr/>	<hr/>
RESERVES			
Retained reserves at 1 January		399	252
Profit for the year		774	1,780
Interim dividends		400	1,633
		<hr/>	<hr/>
RETAINED RESERVES AT 31 DECEMBER		773	399
		<hr/>	<hr/>

BALANCE SHEET

AT 31 DECEMBER 1990

		<u>£ million</u>	
	<u>Note</u>	<u>1990</u>	<u>1989</u>
Fixed assets			
Intangible assets	8	6	11
Tangible assets	9	863	694
Investments	10	1,026	1,036
		<hr/>	<hr/>
		1,895	1,741
Current assets			
Stocks	11	225	274
Debtors	12	8,944	10,136
Investments	13	2	2
Cash at bank and in hand		179	5
		<hr/>	<hr/>
		9,350	10,417
Creditors - amounts falling due within one year			
Finance debt	14	357	814
Other creditors	15	8,498	8,738
		<hr/>	<hr/>
Net current assets		495	865
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,390	2,606
Creditors - amounts falling due after more than one year			
Finance debt	14	459	280
Other creditors	15	1,080	1,809
		<hr/>	<hr/>
Provisions for liabilities and charges			
Deferred taxation	7	77	117
		<hr/>	<hr/>
SHAREHOLDERS' INTEREST		774	400
		<hr/>	<hr/>
REPRESENTED BY			
Capital and reserves			
Called up share capital	16	1	1
Reserves		773	399
		<hr/>	<hr/>
		774	400
		<hr/>	<hr/>

D.A.G. SIMON

S.J. AHEARNE

Director.

Director.

23 August 1991

# SOURCE AND APPLICATION OF FUNDS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1990

£ million

	1990	1989
Profit after taxation	774	1,780
Items not involving the movement of funds (i)	68	118
	<hr/>	<hr/>
	842	1,898
Working capital movement (ii)	1,001	(1,602)
Other movements (iii)	(545)	1,217
	<hr/>	<hr/>
FUNDS GENERATED FROM OPERATIONS	1,298	1,513
Capital expenditure	446	394
Dividends paid	400	1,633
	<hr/>	<hr/>
FUNDS GENERATED/(REQUIRED)	452	(514)
	<hr/>	<hr/>
FINANCIAL MOVEMENTS		
Finance debt - decrease/(increase)	278	(507)
Current asset investments - (decrease)	-	(9)
Cash at bank and in hand - increase	174	2
	<hr/>	<hr/>
	452	(514)
	<hr/>	<hr/>
NOTES:		
(i) Items not involving the movement of funds		
Depreciation	108	101
(Release of)/Provision for deferred taxation	(40)	17
	<hr/>	<hr/>
	68	118
	<hr/>	<hr/>
(ii) Working capital movement		
Stocks	49	(148)
Debtors	1,192	(1,688)
Creditors due within one year		
(excluding finance debt)	(240)	234
	<hr/>	<hr/>
	1,001	(1,602)
	<hr/>	<hr/>
(iii) Other movements		
Book amount of fixed assets sold	184	176
Creditors due after one year		
(excluding finance debt)	(729)	1,041
	<hr/>	<hr/>
	(545)	1,217
	<hr/>	<hr/>

# NOTES ON ACCOUNTS

## 1 TURNOVER

Turnover comprises sales and other operating revenue, all of which falls within the UK geographic area.

Activity analysis	Operating profit/ (loss) before tax		<u>£ million</u> Turnover	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
Oil	68	(33)	9,318	8,147
Chemicals	12	141	1,531	1,456
Corporate	1,175	2,264	-	-
Other activities	(22)	(15)	162	182
Less: inter-activity sales			(651)	(519)
	<u>1,233</u>	<u>2,357</u>	<u>10,360</u>	<u>9,266</u>

Corporate includes management and financial activities.

Other activities include gas, solar energy, engineering and technical activities.

## 2 OTHER INCOME

	<u>£ million</u>	
	<u>1990</u>	<u>1989</u>
Subsidiary undertakings		
Dividends	680	2,230
Other interest and miscellaneous income	222	275
Profit on sale of subsidiaries	249	-
	<u>1,151</u>	<u>2,505</u>
Dividends from associated undertakings	-	23
Interest from fellow subsidiary undertakings	93	31
Other interest and miscellaneous income	25	18
	<u>1,269</u>	<u>2,577</u>



## NOTES ON ACCOUNTS

### 3 INTEREST AND OTHER SIMILAR CHARGES

£ Million

	<u>1990</u>	<u>1989</u>
Interest expense		
Non-group loans wholly repayable within five years	21	54
Group and fellow subsidiary undertakings' loans	349	264
Finance leases	23	14
	<u>393</u>	<u>332</u>
Factoring charge payable to BP Capital p.l.c.	17	34
	<u>410</u>	<u>366</u>

The factoring charge payable to BP Capital p.l.c., a fellow subsidiary undertaking, arises under an agreement in respect of certain of the company's debtors.

### 4 DEPRECIATION, HIRE, RESEARCH AND AUDIT COSTS

£ million

	<u>1990</u>	<u>1989</u>
Depreciation	108	101
Depreciation of capitalised leased assets included above	19	3
Hire charges under operating leases:		
Plant and machinery	33	23
Land and buildings	8	7
	<u>41</u>	<u>30</u>
Expenditure on research before recoveries	155	139

Auditors' remuneration amounted to £558,000 (1989 £498,000).

### 5 EMPLOYEES AND PENSIONS

BP International Limited does not directly employ any staff and therefore does not directly bear any pension charge.

### 6 DIRECTORS' EMOLUMENTS

The Chairman is a director of The British Petroleum Company p.l.c. (the ultimate parent undertaking) in whose accounts the information required by the Companies Act 1985, as to emoluments, is given. The remaining directors are senior executives of, and are remunerated by, The British Petroleum Company p.l.c. and received no remuneration for services to this company or its subsidiary undertakings.

# NOTES ON ACCOUNTS

## 7 TAXATION

	<u>£ million</u>	
	<u>1990</u>	<u>1989</u>
United Kingdom corporation tax		
Current at 34.25% (1989 35%)	300	989
Overseas taxation relief	(170)	(950)
	—	—
	130	39
Advance corporation tax	(60)	57
Deferred at 33% (1989 35%)	(40)	17
	—	—
	30	113
Overseas taxation	19	98
	—	—
	49	211
	—	—

United Kingdom taxation - the company is a member of a group for the purposes of group relief under Section 402 of the Income and Corporation Taxes Act 1988.

Having regard to the BP group tax position of non-North Sea activities, £130 million (1989 £39 million) has been provided for UK corporation tax after taking account of overseas taxation relief attributable to this company. A credit for deferred taxation of £40 million has arisen in the current year (1989 £17 million charge). The gross potential liability at 31 December 1990 in respect of the group's non-North Sea activities for deferred taxation was £375 million (1989 £398 million). If provision had been made in the accounts on the basis of the gross potential liability there would have been a credit of £23 million (1989 £84 million charge).

The corporation tax liability of this company, which has been included in the above amounts, is partially covered by double taxation relief. The benefit of underlying overseas taxation available under Section 799 of the Income and Corporation Taxes Act 1988 has been included in the overseas taxation relief but not included in the overseas taxation charge. The gross potential liability for deferred taxation at 31 December 1990 comprises tax in respect of:-

	<u>£ million</u>	
	<u>1990</u>	<u>1989</u>
Depreciation	98	139
Other items	(26)	(9)
	—	—
	72	130
	—	—

If provision had been made in the accounts on the basis of the gross potential liability there would have been a credit of £58 million (1989 £49 million charge).

Advance corporation tax has not been deducted from the potential amounts of deferred taxation. This item is included in debtors - advance corporation tax recoverable.

# NOTES ON ACCOUNTS

## 8 INTANGIBLE ASSETS

£ million

Patents &  
trade marks

Cost

At 1 January 1990

31

Additions

1

Transfers

(6)

—

At 31 December 1990

26

==

Depreciation

At 1 January 1990

20

Charge for the year

1

Transfers

(1)

—

At 31 December 1990

20

==

Net book amount

At 31 December 1990

6

==

At 31 December 1989

11

==

Principal rate of depreciation

20%

# NOTES ON ACCOUNTS

## 9 TANGIBLE ASSETS - PROPERTY, PLANT AND EQUIPMENT

£ million

	Chemicals	Oil	Corporate and other	Total	of which: Assets under construction
Cost					
At 1 January 1990	1,069	17	283	1,369	181
Additions	215	6	70	291	216
Deletions	(17)	-	(20)	(37)	(195)
Transfers in	16	-	-	16	-
Transfers out	(5)	-	(5)	(10)	(63)

At 31 December 1990	1,278	23	328	1,629	139
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Depreciation					
At 1 January 1990	508	9	158	675	
Charge for the year	71	4	32	107	
Deletions	(8)	-	(14)	(22)	
Transfers in	9	-	-	9	
Transfers out	(3)	-	-	(3)	

At 31 December 1990	577	13	176	766
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Net book amount At 31 December 1990	701	10	152	863	139
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At 31 December 1989	561	8	125	694	181
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Principal rates of depreciation	5-20%	10-25%	10-25%
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Assets held under finance leases, capitalised interest and land at net book amount included above:

	<u>Leased assets</u>			<u>Capitalised interest</u>			<u>Freehold land</u>
	<u>Cost</u>	<u>Dep'n</u>	<u>Net</u>	<u>Cost</u>	<u>Dep'n</u>	<u>Net</u>	
At 31 December 1990	392	22	370	7	6	1	5
At 31 December 1989	211	3	208	7	5	2	5

# NOTES ON ACCOUNTS

## 10 FIXED ASSETS - INVESTMENTS

£ million

	<u>Subsidiary undertakings</u> <u>Shares</u>	<u>Associated undertakings</u> <u>Shares</u>	<u>Other Loans</u>	<u>Total</u>
Cost				
At 1 January 1990	987	17	36	1,040
Additions	99	5	44	148
Deletions	(149)	(1)	(8)	(158)
At 31 December 1990	937	21	72	1,030
Amounts provided				
At 1 January 1990	2	-	2	4
and 31 December 1990				
Net book amount				
At 31 December 1990	935	21	70	1,026
At 31 December 1989	985	17	34	1,036

The more important investments in subsidiary and associated undertakings as at 31 December 1990 are set out in note 20.

## 11 STOCKS

£ million

	<u>1990</u>	<u>1989</u>
Oil	60	139
Chemicals	119	104
Stores	179	243
	46	31
	225	274
Replacement cost	232	282

# NOTES ON ACCOUNTS

## 12 DEBTORS

£ million

	Within 1 Year	1990 After 1 Year	Within 1 Year	1989 After 1 Year
Trade	395	-	425	-
Subsidiary undertakings	4,770	1,552	5,125	2,764
Parent and fellow subsidiary undertakings	483	859	327	1,176
Associated undertakings	-	-	2	-
Prepayments and accrued income	305	-	84	-
Advance corporation tax recoverable	277	-	155	-
Other	300	3	78	-
	<u>6,530</u>	<u>2,414</u>	<u>6,196</u>	<u>3,940</u>

## 13 CURRENT ASSETS - INVESTMENTS

£ million

	1990	1989
Listed - UK	2	2
Stock exchange value of listed investments	2	3

## 14 FINANCE DEBT

£ million

	Within 1 Year	1990 After 1 Year	Within 1 Year	1989 After 1 Year
Bank loans and overdrafts	340	38	812	46
Obligations under finance leases	17	421	2	234
	<u>357</u>	<u>459</u>	<u>814</u>	<u>280</u>

There were no bank loans and overdrafts payable after 5 years.

The company had borrowing facilities available amounting to £2,332 million (1989 £2,795 million) none of which had been taken up at 31 December 1990.

# NOTES ON ACCOUNTS

## Finance debt (continued)

### Obligations under finance leases:

£ million

	<u>1990</u>	<u>1989</u>
Minimum future lease payments		
Payable within:		
1 year	18	2
2 to 5 years	106	58
Thereafter	1,604	683
	<hr/>	<hr/>
	1,728	743
Less finance charges	1,289	507
	<hr/>	<hr/>
Net obligations	439	236
	<hr/>	<hr/>

### 15 OTHER CREDITORS

£ million

	<u>Within</u> <u>1 Year</u>	<u>1990</u> <u>After</u> <u>1 Year</u>	<u>Within</u> <u>1 Year</u>	<u>1989</u> <u>After</u> <u>1 Year</u>
Trade	706	-	615	-
Subsidiary undertakings	3,041	395	3,269	1,139
Parent and fellow subsidiary undertakings	3,987	667	4,393	659
Associated undertakings	2	-	2	-
Taxation on profits	414	-	284	-
Accruals and deferred income	222	-	92	-
Other	126	18	83	11
	<hr/>	<hr/>	<hr/>	<hr/>
	8,498	1,080	8,738	1,809
	<hr/>	<hr/>	<hr/>	<hr/>

# NOTES ON ACCOUNTS

## 16 CALLED UP SHARE CAPITAL

£ million

1990      1989

Authorised, allotted and fully paid  
1,000,000 ordinary shares of £1 each

1      1  
=      =

## 17 CONTINGENT LIABILITIES

There were contingent liabilities at 31 December 1990 in respect of guarantees and indemnities entered into as part of, and claims arising from, the ordinary course of the company's business, upon which no material losses are likely to arise.

## 18 CAPITAL COMMITMENTS

Authorised future capital expenditure is estimated at £423 million (1989 £606 million) including approximately £109 million (1989 £40 million) for which contracts have been placed.

## 19 LEASE COMMITMENTS

Annual commitments under operating leases:

£ million

	<u>1990</u>		<u>1989</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
Expiring within:				
1 year	-	1	-	-
2 to 5 years	1	1	-	2
Thereafter	6	-	7	-
	-	-	-	-
	7	2	7	2
	=	=	=	=



# NOTES ON ACCOUNTS

## 20 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The more important subsidiary and associated undertakings of the company at 31 December 1990 and the percentage of equity share capital held (to the nearest whole number) are set out below. Those held directly by the company are marked with an asterisk.

Subsidiary undertakings	%	Country of registration (UK) or incorporation (overseas)	Principal activities
INTERNATIONAL			
*BP Chemicals (International)	100	England & Wales	Chemicals
*BP Exploration	100	Scotland	Exploration and production
BP Exploration Operating Company	100	England & Wales	Exploration and production
*BP Nutrition	100	England & Wales	Nutrition
*BP Oil International	100	England & Wales	Integrated oil operations
EUROPE			
UK			
*BP Capital	100	England & Wales	Finance
BP Chemicals	100	England & Wales	Chemicals
*BP Oil UK	100	England & Wales	Refining and marketing
NETHERLANDS			
Hendrix International	100	Netherlands	Nutrition
AUSTRALASIA			
AUSTRALIA			
BP Developments Australia	100	USA	Exploration and production
NEW ZEALAND			
*BP Aotearoa	100	England & Wales	Holding company for the group's oil marketing activities in New Zealand
WESTERN HEMISPHERE			
USA			
*BP America ) Standard Oil)	100	USA	Exploration and production, refining and marketing, pipelines, chemicals, and nutrition

## NOTES ON ACCOUNTS

### Subsidiary and associated undertakings (continued)

Associated undertakings	%	Country of Registration (UK) or incorporation (overseas)	Principal activity	Issued Share Capital
<b>AFRICA</b>				
The Consolidated Petroleum Company	50	England & Wales	Marketing	350,000 shares of £10
<b>JAPAN</b>				
County NatWest Securities Japan (Holdings)	25	England & Wales	Finance	14.5 million shares of Yen 100
<b>UK</b>				
BP Bitor	50	England & Wales	Marketing	1 million shares of £5 (£4 paid)

The investments in subsidiary and associated undertakings are unlisted.

#### 21 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. may be obtained from Britannic House, 1 Finsbury Circus, London EC2M 7BA.

## BP INTERNATIONAL LIMITED

Minutes of the Annual General Meeting held on 23rd August 1991 at the Registered Office of the Company.

Present

Mr P.J. Walters (Presiding)

Mrs Y.D. James

Proxy for

The British Petroleum Company p.l.c.

Kenilworth Oil Company Limited

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Forms of proxy, incorporating Wavers of Notice and Register of Directors' Interests in shares and/or debentures were laid on the table.

Mr Walters was elected Chairman of the Meeting.

The Notice convening the Meeting was taken as read.

The Report of the Auditors was read.

It was Resolved that the Report of the Directors and the Accounts for the year ended 31st December 1990 be approved and adopted.

It was Resolved to re-appoint Ernst & Young as Auditors from the conclusion of this Meeting until the conclusion of the next Meeting at which the Directors shall lay accounts before the Company in accordance with the provisions of the Companies Act 1985.

It was Resolved that the remuneration of the Auditors be arranged by the Board.

CHAIRMAN