

BP TRADING LIMITED

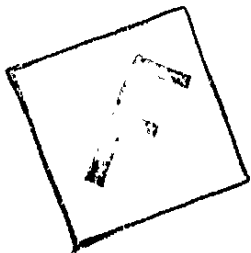
542,515 / 107

NOTICE is hereby given that the twenty-fourth annual general meeting of the company will be held at Britannic House, Moor Lane, London EC2Y 9BU, on Monday, 3 December 1979 at 10 a.m. for the transaction of the following business:—

1. To receive and consider the report of the directors and the accounts for the year ended 31 December 1978.
2. To reappoint Ernst & Whinney as Auditors.
3. To authorise the Board to fix the remuneration of the Auditors.

By order of the Board,
J. E. WEDGBURY,
Secretary.

Britannic House,
Moor Lane,
London EC2Y 9BU.
3 December 1979.



A member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him. A proxy need not be a member of the company.

Secretary

J. E. WEDGBURY

Registered Office

BRITANNIC HOUSE, MOOR LANE,
LONDON EC2Y 9BU

Auditors

ERNST & WHINNEY



BP TRADING LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the accounts for the year ended 31 December 1978.

Board of directors

SIR DAVID STEEL, D.S.O., M.C., T.D. (Chairman)

R. W. ADAM

T. R. D. BELGRAVE

DR. J. BIRKS, C.B.E.

L. R. BURCHELL

P. G. CAZALET

P. J. GILLAM

W. P. C. GRASSICK

A. T. GREGORY

C. C. F. LAIDLAW

G. A. LEE

O. M. MORRIS

M. M. PENNELL, C.B.E.

M. R. RENDLE

F. K. RICKWOOD, O.B.E.

D. A. G. SARRE

J. W. R. SUTCLIFFE

P. I. WALTERS

Mr. M. R. Rendle was appointed on 20 February 1978 in place of Mr. D. F. Gresham who retired on the same date. Mr. P. J. Gillam was appointed on 1 April 1978 in place of Mr. W. A. L. Manson who resigned on the same date. Messrs. J. E. G. Boxshall and G. C. Butcher retired on 31 March 1979. All other directors listed above were directors throughout the financial year.

The interests of the directors, other than directors of the ultimate holding company, and their families in the stock and debentures of The British Petroleum Company Limited, were as set out below:—

			1 January 1978	31 December 1978
			or date of appointment	
			£ units	£ units
Type of Stock				
T. R. D. Belgrave .. ..	..	..	Nil	Nil
J. E. G. Boxshall .. ..	..	..	400	400
L. R. Burchell .. ..	..	..	615	615
		*Ordinary	435	435
G. C. Butcher .. ..	..	..	204	204
P. G. Cazalet .. ..	..	..	2,050	1,050
P. J. Gillam .. ..	..	..	Nil	Nil
W. P. C. Grassick .. ..	..	..	Nil	Nil
A. T. Gregory .. ..	..	..	50	50
G. A. Lee .. ..	..	..	400	400
O. M. Morris .. ..	..	..	206	206
M. R. Rendle .. ..	..	..	Nil	Nil
F. K. Rickwood .. ..	..	..	Nil	Nil
D. A. G. Sarre .. ..	..	..	61	61

* Trustee with no beneficial interest

The company is engaged in refining and marketing of crude oil and products including chemicals and provides services to other group companies; it also holds investments in subsidiary companies engaged in similar activities.

With effect from 1 January 1979 the activity of refining and marketing crude oil and products in the U.K. was transferred to BP Oil Limited which had previously carried out that activity as an agent. On the same date certain assets including oil stocks related to the conduct of the trade were transferred to that company. Following this change in group activities, the financing of group net assets has been restructured by a waiver of £100,000,000 owed by that company.

The profit after taxation was £529,359,430. After the extraordinary waiver of £100,000,000 referred to above and paying interim dividends of £139,000,000 the balance has been added to retained profit.

Exports from the United Kingdom during the year amounted to £1,242,800,000.

Whinney Murray & Co. have merged their practice with Turquands Barton Mayhew & Co. and from 1 July 1979 have practised in the name of Ernst & Whinney. They have therefore signed their audit report in their new name. In accordance with Section 14 of the Companies Act 1976 a resolution proposing the reappointment of Ernst & Whinney as auditors of the company will be put to the members at the annual general meeting.

By order of the Board,
J. E. WEDGBURY,
Secretary.

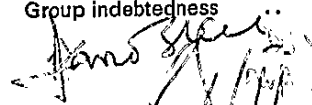
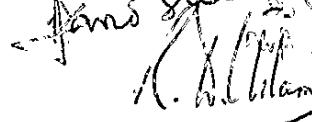
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3 December 1979.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1978

	Note	1978	1977
		£	£
Turnover	3	£10,207,601,056	£12,233,458,567
Trading profit	4	857,125,365	876,272,808
Dividends from subsidiary companies		386,861,693	52,777,877
Decrease in net worth of subsidiaries		(710,000,000)	(618,000,000)
Dividends from associated companies		2,970,000	13,236,746
Increase in net worth of associated companies		9,000,000	—
Profit before taxation and extraordinary item		545,957,058	324,287,431
Taxation—Overseas		16,597,628	15,701,188
U.K.	6	315,434	(307,475)
Foreign tax credit		(315,434)	—
		16,597,628	15,393,713
Profit before extraordinary item		529,359,430	308,893,718
Extraordinary item	7	100,000,000	—
Profit after extraordinary item		429,359,430	308,893,718
Interim dividends		139,000,000	75,017,460
Estimated amount payable re group relief		—	245,000,000
		139,000,000	320,017,460
Retained profit/(deficit) for the year		290,359,430	(11,123,742)
Retained profit at 1 January			
As previously reported		1,736,215,037	1,686,838,779
Prior years' adjustment—Stocks	8	20,980,174	—
Deferred taxation		—	60,500,000
		1,757,195,211	1,747,338,779
Retained profit at 31 December		£2,047,554,641	£1,736,215,037

BALANCE SHEET AT 31 DECEMBER 1978

	Note	1978	1977
		£	£
Properties and operating assets	9	259,196,404	212,485,437
Investment in subsidiary companies	10	1,524,682,078	1,532,411,223
Investment in associated companies	11	24,629,584	15,103,628
Long-term receivables		10,864,881	14,222,628
Current assets			
Stores		18,296,109	16,870,841
Stocks of oil and chemicals		434,102,415	469,191,003
Debtors		578,538,947	859,741,331
Bank balances and cash		18,640,427	5,618,456
		1,049,577,898	1,351,421,631
Less:			
Current liabilities			
Creditors		686,885,947	732,380,037
Acceptance credit facilities		50,000,000	94,531,250
Provisions		1,900,000	1,900,000
		738,785,947	828,811,287
Net current assets		310,791,951	522,610,344
		2,130,164,898	2,296,833,260
Other liabilities			
Deferred liabilities		13,500,066	14,403,448
Amounts received in advance		5,613,150	8,491,755
		19,113,216	22,895,203
		£2,111,051,682	£2,273,938,057
Financed by:			
Share capital	12	1,000,000	1,000,000
Retained profit		2,047,554,641	1,736,215,037
		2,048,554,641	1,737,215,037
Exchange fluctuation account		11,545,149	34,858,337
Group indebtedness	13	50,951,892	501,864,683
		£2,111,051,682	£2,273,938,057

 DAVID STEEL
 R. W. ADAM } Directors

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1978 £	1977 £
Source of funds		
Profit before taxation and extraordinary item.. .. .	545,957,058	324,287,431
Extraordinary item	(100,000,000)	—
Depreciation	17,593,259	16,253,606
	<u>463,550,317</u>	<u>340,541,037</u>
Disposal of fixed assets	1,396,421	8,433,219
Decrease in long-term receivables	3,357,747	4,077,372
Prior years' adjustment—stock	20,980,174	—
	<u>£489,284,659</u>	<u>£353,051,628</u>
Application of funds		
Decrease in group indebtedness	450,912,791	178,631,675
Decrease in investment in subsidiary companies	(7,729,145)	(286,735,247)
Increase in investment in associated companies	9,525,956	9,515,393
Purchase of assets from group companies	45,483	—
Group relief	—	245,000,000
	<u>452,755,085</u>	<u>146,411,821</u>
Purchase of properties and operating assets.. .. .	65,655,164	59,635,918
Exchange fluctuation account	23,313,188	52,107,182
Decrease in deferred liabilities	903,382	896,552
Decrease in amounts received in advance	2,878,605	3,755,434
Dividends	139,000,000	75,017,460
Taxation	16,597,628	15,393,713
	<u>701,103,052</u>	<u>353,218,080</u>
(Decrease) in working capital	(211,818,393)	(166,452)
	<u>£489,284,659</u>	<u>£353,051,628</u>
(Decrease) in working capital		
Increase in stores	1,425,268	474,475
(Decrease) in stocks of oil and chemicals	(35,088,588)	(57,514,372)
(Decrease) in debtors	(281,202,384)	(71,310,455)
Increase/(decrease) in liquid resources	13,021,971	(3,143,075)
Decrease in current liabilities	90,025,340	131,326,975
	<u>£(211,818,393)</u>	<u>£(166,452)</u>

NOTES TO THE ACCOUNTS

(1) Accounting policies

- The accounts are prepared under the historical cost convention.
- The company does not prepare consolidated accounts but incorporates dividends received from subsidiary companies. Net income reflects the adjustment of the investment in subsidiary companies to include the underlying net book value of those companies and their major associated companies.
- The company's share of profits (less losses) of directly held associated companies is reflected in the net income by the inclusion of dividends received from those companies and the adjustment of the investment in associated companies to reflect the underlying net book value of those companies.
- Depreciation on properties and operating assets is calculated on a straight line basis over their estimated useful lives.
- Stocks of oil and chemicals are valued at the lower of cost or net realisable value (1977—approximate group cost) excluding non-operational overheads, and are accounted for using the "first in first out" method.
- Assets and liabilities in currencies other than sterling are translated into sterling at the year-end rates of exchange. Exchange fluctuations are included in the determination of income except those relating to long-term advances and amounts received in advance which are taken to exchange fluctuation account.
- Expenditure on research is wholly written off in the year in which it is incurred.
- Deferred taxation is calculated using the liability method.

NOTES TO THE ACCOUNTS (continued)

(2) **Group accounts** are not submitted as BP Trading Limited is wholly-owned by The British Petroleum Company Limited. In the opinion of the directors of the company, the aggregate value of shares in and amounts owing from the company's subsidiaries is not less than the amounts at which these are shown in the balance sheet.

(3) **Turnover** comprises sales proceeds excluding customs duties and taxes.

(4) **Trading profit** is arrived at after charging/(crediting):

	1978	1977
	£	£
Depreciation	17,593,259	16,253,606
Hire of plant and machinery	20,540,134	16,341,338
Auditors' remuneration	97,750	85,000
Interest on acceptance credit facilities.. .. .	5,235,416	9,632,800
Interest receivable.. .. .	(142,026,152)	(119,150,327)

(5) **Directors' emoluments**

Directors of this company are managing directors or senior executives of The British Petroleum Company Limited in whose accounts information required by the Companies Act 1967, as to emoluments, is shown.

(6) **Taxation—United Kingdom**

The company is a member of a group for the purposes of group relief under Section 258 of the Income and Corporation Taxes Act 1970. Corporation tax has been provided at 52 per cent on the taxable profits for the year as reduced by losses that a group company has undertaken to surrender under the terms of this section. The liability is fully covered by double tax relief.

Having regard to the group tax position, provision for deferred taxation is not required as it is considered that no liability in respect thereof will arise in the foreseeable future. If full provision were made the deferred taxation account would have been as follows:—

	31.12.77	Increase in provisions	31.12.78
	£	£	£
Depreciation	86,800,000	24,800,000	111,600,000
Stock Relief	56,100,000	(56,100,000)	—
Others	(47,100,000)	38,000,000	(9,100,000)
	<u>£95,800,000</u>	<u>£6,700,000</u>	<u>£102,500,000</u>

The charge for taxation would then have been £6,700,000 (1977—£35,300,000).

(7) **Extraordinary item**

The extraordinary item represents the waiver of a loan to BP Oil Limited.

(8) **Prior year adjustment—stocks**

In 1977 stocks of oil and chemicals had been valued at approximate group cost. It is not practicable to recalculate the 1977 opening stock on the new basis and hence to restate the 1977 accounts. Accordingly the 1978 accounts reflect a prior year adjustment in respect of the change in the opening stock valuation.

(9) **Properties and operating assets**

Cost	£
At 1 January	367,667,455
Additions	65,655,164
Transfers from group companies	4,161,427
	<u>437,484,046</u>
Disposals	5,640,127
Disposals to group companies	28,662
	<u>£431,815,257</u>
Depreciation	
At 1 January	155,182,018
Transfers from group companies.. .. .	4,115,944
Charge for year	17,593,259
	<u>176,891,221</u>
Relating to disposals	4,261,202
Relating to disposals to group companies	11,166
	<u>£172,618,853</u>
At 31 December	<u>£259,196,404</u>
Net book amount at 31 December	<u>£259,196,404</u>

NOTES TO THE ACCOUNTS (continued)

Principal rates of depreciation are
Buildings 5% Process and Research Plants 10-20% Motor Vehicles, etc. 20%

The net fixed assets of £259,196,404 includes £1,433,491 in respect of freehold land, £164,381 for leases with more than 50 years unexpired, and £6,857 for other leases.

Authorised future capital expenditure is estimated at £169,659,000 including approximately £32,319,000 for contracts which have been placed.

											1978 £	1977 £
(10) Investment in own subsidiary companies											247,365,702	241,216,037
Shares	..	..	..	..	..	..	..	..	..	..	2,544,577,531	1,848,456,341
Advances	..	..	..	..	..	..	..	..	..	..	2,791,943,233	2,089,672,378
											(1,267,261,155)	(557,261,155)
Losses less profits of subsidiaries and their major associated companies											£1,524,682,078	£1,532,411,223

The directly owned subsidiaries are:—

	Incorporated	Type of Share	Percentage Held
Britannic Estates Ltd.	England	Ordinary	100
BP Chemicals International Ltd.	England	Ordinary	100
Scientific Control Systems (Holdings) Ltd.	England	Ordinary	100
British Petroleum B.V.	Holland	Ordinary	100
BP Coal Ltd.	England	Ordinary	100
BP Africa Gas Co. Ltd.	England	Ordinary	100
BP Vikoma Ltd.	England	Ordinary	100
Sonarmarine Ltd.	England	Ordinary	100
BP Nutrition Ltd.	England	Ordinary	100
BP Tanker Co. Ltd.	England	Ordinary	100
BP Capital Ltd.	England	Ordinary	100
BP Clyde Tanker Co. Ltd.	England	Ordinary	100
BP Exploration Co. Ltd.	England	Ordinary	100
BP Fibres Ltd.	England	Ordinary	100
BP do Brasil Petroleo Limitada	Brazil	Ordinary	100
Strongwork Diving International Ltd.	England	Ordinary	100
Kaldair Ltd.	England	Ordinary	100
BP Minerals International Ltd.	England	Ordinary	100

A full list of subsidiary companies and associated companies held by the above will be attached to the company's Annual Return.

There is a contingent liability for calls not yet made on shares in a subsidiary company amounting to £49,131,514.

											1978 £	1977 £
(11) Investment in associated companies											15,629,584	15,103,628
Cost of investment	..	..	..	..	..	..	..	..	..	..	9,000,000	—
Profits less losses	..	..	..	..	..	..	..	..	..	..	£24,629,584	£15,103,628

In previous years only dividend income received from associated companies was reflected in the profit and loss account. Following this change to the policy described in note (1)(c) the company's share of the retained profits less losses of its directly held associated companies has been taken to income in the current year's profit and loss account. The effect of the change on the income for the year is not significant.

The associated companies are:—

	Incorporated	Type of Share	Percentage Held
The Consolidated Petroleum Co. Ltd.	England	B	50
OMISCO Ltd.	England	Ordinary	50
BOC Sub Ocean Services Ltd.	England	Ordinary	25
BOC Sub Ocean Services Inc.	U.S.A.	—	25
Servodyne Controls Ltd.	England	—	49
Subsea International Inc.	U.S.A.	—	50
Subaqua Services International Inc.	U.S.A.	—	50
Submersible Systems Inc.	U.S.A.	—	50
Combustion Systems Ltd.	England	Ordinary	33½
Oil Plus Ltd.	England	—	49
Southwood Heights Management Co. Ltd.	England	—	50

NOTES TO THE ACCOUNTS (continued)**(12) Share Capital**

Authorised and issued 1,000,000 shares of £1 each.

(13) Group indebtedness

	1978 £	1977 £
Amount owing to The British Petroleum Co. Ltd. (including dividends payable £92,000,000) (1977—£45,000,000)	297,045,844	611,610,742
Amounts owing to subsidiary companies	459,454,245	782,649,889
Amounts owing to fellow subsidiary companies	25,864,270	87,799,652
	<u>782,364,359</u>	<u>1,481,960,283</u>
Less: Amounts owing by fellow subsidiary companies	731,412,467	980,085,600
	<u>£50,951,892</u>	<u>£501,864,683</u>

(14) Ultimate holding company

The ultimate holding company is The British Petroleum Company Limited, a company incorporated in England.

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of BP Trading Limited set out above. These have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs at 31 December 1978 and of the profit, change in retained profit, and source and application of funds for the year then ended and comply with the Companies Acts, 1948 and 1967.

ERNST & WHINNEY,
Chartered Accountants,
London, 3 December 1979.