

BP EXPLORATION (ANGOLA) LIMITED

(Registered No.615393)

ANNUAL REPORT AND ACCOUNTS 2000

Board of Directors:-

Mr R C Alexander

Mr M R Bly

Mr J Bryant



REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2000.

Principal activity

The company's principal activities are the exploration, exploitation and production of petroleum from an offshore licence interest in Angola and from an interest in an Oil Field onshore the UK.

Results

The loss for the year after taxation of US\$42,775,000 together with exchange adjustments taken directly to reserves of \$13,000, when added to the retained deficit brought forward at 1 January 2000 of US\$111,723,000 gives a total retained deficit carried forward at 31 December 2000 of US\$154,511,000. The directors do not recommend the payment of a dividend.

Directors

The present directors are listed above. Mr S D Urban served as a director of the company throughout the financial year. Changes since 1 January 2000 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
Mr A M Jones		30 April 2000
Mr K Hostler	1 May 2000	31 August 2001
Mr S Marshall	1 May 2000	31 August 2001
Mr HJ Mayson		1 December 2000
Mr R Herbert	1 March 2001	31 August 2001
Mr S D Urban		31 August 2001
Mr R C Alexander	1 September 2001	
Mr M R Bly	1 September 2001	
Mr J Bryant	1 September 2001	

Directors' interests

The interests of the directors holding office at 31 December 2000, 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:

	<u>31 December 2000</u>	<u>1 January 2000</u> (or date of appointment)
K Hostler	42,200	42,200
S Marshall	nil	nil
S D Urban	17,472	17,472

BP EXPLORATION (ANGOLA) LIMITED

REPORT OF THE DIRECTORS

Directors' interests (continued)

No rights to subscribe for US \$0.25 ordinary shares in BP p.l.c., were granted to, or exercised by, those directors between 1 January or date of appointment and 31 December 2000

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2000.

Policy and practice with respect to payment of suppliers

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 company had no trade creditors at the year-end.

Post balance sheet events

On 27 July 2001 the authorised share capital was increased from £35,000 to £1,000,000,000 by the creation of 999,965,000 Ordinary Shares of £1 each, ranking *pari passu* in all respects with the Ordinary Shares already in issue.

On 30 July 2001, 599,965,000 Ordinary Shares of £1 each were issued at par to BP Exploration Operating Company Ltd in order to finance the repayment of a £600 million loan to a fellow subsidiary undertaking.

Auditors

On 28 June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

By order of the Board



R C Cumming, Secretary

30 November 2001

Registered Office:
Britannic House
1 Finsbury Circus
London EC2M 7BA

BP EXPLORATION (ANGOLA) 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 also 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 EXPLORATION (ANGOLA) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF
BP EXPLORATION (ANGOLA) LIMITED

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

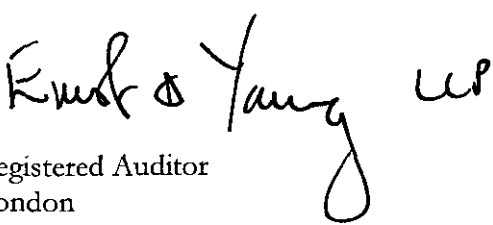
Basis of opinion

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 as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Registered Auditor
London

30 November 2001

BP EXPLORATION (ANGOLA) LIMITED

ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards. The group has adopted Financial Reporting Standard No. 15 "Tangible Fixed Assets" and Financial Reporting Standard No. 16 "Current Tax" with effect from 1 January 2000.

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.

Foreign currencies

Assets and liabilities in currencies other than United States dollars are translated to dollars at closing rates of exchange. Income statements are translated at average rates of exchange. Exchange differences resulting from the retranslation of assets and liabilities are dealt with in reserves. All other 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.

Exploration expenditure

Exploration expenditure is accounted in accordance with the successful efforts method. Exploration and appraisal drilling expenditure is initially classified as an intangible fixed asset. When proved reserves of oil and gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets. All exploration expenditure determined as unsuccessful is charged against income. Exploration licence acquisition costs are amortised over the estimated period of exploration. Geological and geophysical exploration costs are charged against income as incurred.

Depreciation

Oil and gas production assets are depreciated using a unit-of-production method based upon estimated proven reserves. Other tangible assets are depreciated on the straight line method over their estimated lives.

Changes in unit-of-production factors

Changes in factors which affect unit-of-production calculations are dealt with prospectively, not by immediate adjustments of prior years' amounts.

Deferred taxation

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

57

BP EXPLORATION (ANGOLA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> \$000	<u>1999</u> \$000
Turnover	1	115	76
Cost Of Sales		(40)	(29)
		<hr/>	<hr/>
Gross Profit		75	47
Exploration expenditure written off		(43,645)	(29,097)
Administrative expenses		795	(796)
		<hr/>	<hr/>
Loss on ordinary activities before interest and taxation	2	(42,775)	(29,846)
Restructuring costs	3	-	(4,943)
		<hr/>	<hr/>
Loss before taxation		(42,775)	(34,789)
Taxation	4	-	-
		<hr/>	<hr/>
Retained loss for the year		(42,775)	(34,789)
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>2000</u> \$000	<u>1999</u> \$000
Loss for the year	(42,775)	(34,789)
Currency translation difference	(13)	-
	<hr/>	<hr/>
Total recognised losses for the year.	(42,788)	(34,789)
	<hr/>	<hr/>

57

BP EXPLORATION (ANGOLA) LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> \$000	<u>1999</u> \$000
Fixed assets			
Intangible Assets	6	349,490	425,123
Tangible Assets	7	259,018	-
		<hr/>	<hr/>
		608,508	425,123
Current assets			
Debtors	8	32,618	20,465
Cash and bank		88	134
		<hr/>	<hr/>
		32,706	20,599
Creditors - amounts falling due within one year	9	(795,660)	(557,380)
		<hr/>	<hr/>
Net current liabilities		(762,954)	(536,781)
EXCESS OF LIABILITIES OVER ASSETS		<hr/>	<hr/>
		(154,446)	(111,658)
		<hr/>	<hr/>
Represented by			
Capital and reserves			
Called up share capital	10	65	65
Reserves	11	(154,511)	(111,723)
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS - EQUITY		(154,446)	(111,658)
INTERESTS		<hr/>	<hr/>

R C Alexander,

Director

30 November 2001

BP EXPLORATION (ANGOLA) LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, customs duties and sales taxes comprises amounts invoiced to third parties, all of which falls within the UK geographic area.

Turnover is attributable to one continuing activity, the purchasing and selling of petroleum products.

	<u>Turnover</u>	
	<u>2000</u>	<u>1999</u>
	\$000	\$000
Kimmeridge (ML5)	115	76

The country of origin and destination is substantially the UK.

2. Operating Loss before Taxation

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

3. Exceptional items

	<u>2000</u>	<u>1999</u>
	\$000	\$000
Reorganisation/restructuring costs	-	4,943
Exceptional items	<hr/>	<hr/>
Taxation credit/(charge):	-	-
Exceptional items, net of tax	<hr/>	<hr/>

The reorganisation/restructuring costs arose due to the fundamental restructuring of the company's operations as a result of the merger of BP and Amoco.

4. Taxation

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 in respect of the company's ring fence activity.

Provision for deferred taxation in respect of the company's ring fence activity has been made in the accounts of BP Exploration Operating Company Limited, the parent undertaking.

41

BP EXPLORATION (ANGOLA) LIMITED

NOTES TO THE ACCOUNTS

4. Taxation (continued)

The gross potential deferred tax liability of this company in respect of its ring fence activity at 31 December 2000 is US\$Nil (1999 US\$ 11,113) comprising tax at 30% (1999 30%) on timing differences principally in respect of short term timing differences. If provision for deferred taxation had been made in the accounts on the basis of the gross potential liability there would be a credit for the year of US\$11,113 (1999 charge for the year of US\$ 11,113)

No corporation tax liability arises in respect of the company's activity outside the ring fence.

Provision for deferred taxation in respect of the company's activity outside the ring fence has been made in the accounts of BP International Limited, a fellow subsidiary undertaking.

The gross potential deferred tax liability of this company in respect of its activity outside the ring fence at 31 December 2000 is US\$ 80,114,668 (1999 US\$ 63,175,324) comprising tax at 30% (1999 30%) on timing differences principally between the accounting and tax treatment of fixed assets. If provision for deferred tax had been made in the accounts on the basis of the gross potential liability there would be a charge for the year of US\$ 16,939,344 (1999 US\$ 33,389,803).

5. Directors and employees

None of the directors received any fees or remuneration for services as a director of the company during the financial year (1999 US\$Nil)

The company does not directly employ any staff.

6. Fixed assets - Intangible Assets

	<u>Exploration expenditure</u> \$000
Cost	
At 1 January 2000	433,123
Additions	85,184
Transfers	(144,817)
At 31 December 2000	<u>373,490</u>
Amortisation	
At 1 January 2000	8,000
Charge for the year	16,000
At 31 December 2000	<u>24,000</u>
Net book amount	
At 31 December 2000	<u>349,490</u>
At 31 December 1999	<u>425,123</u>

BP EXPLORATION (ANGOLA) LIMITED

NOTES TO THE ACCOUNTS

7. Fixed assets - Tangible Assets

	<u>Development expenditure</u> \$000
Cost	
At 1 January 2000	-
Additions	114,201
Transfers	144,817
At 31 December 2000	<u>259,018</u>
Depreciation	
At 1 January 2000	-
Charge for the year	-
At 31 December 2000	<u>-</u>
Net book amount	
At 31 December 2000	<u>259,018</u>
At 31 December 1999	<u>-</u>

8. Debtors - amounts falling due within one year

	<u>2000</u> \$000	<u>1999</u> \$000
Parent and fellow subsidiary undertakings	15,042	2,493
Other	17,576	17,972
	<u>32,618</u>	<u>20,465</u>

9. Creditors - amounts falling due within one year

	<u>2000</u> \$000	<u>1999</u> \$000
Parent and fellow subsidiary undertakings	(714,653)	(508,479)
Accruals and deferred income	(48,028)	(25,548)
Other	(32,979)	(23,353)
	<u>(795,660)</u>	<u>(557,380)</u>

10. Called up share capital

	<u>2000</u> \$	<u>1999</u> \$
Authorised, issued and fully paid: 35,000 ordinary shares of £1 each (Translated at 31 December 1991 rate of US\$1.87/£1)	65,400	65,400

BP EXPLORATION (ANGOLA) LIMITED

NOTES TO THE ACCOUNTS

11. Reconciliation of shareholders' funds and movements on reserves

	<u>Equity, Share Capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	\$000	\$000	\$000
At 1 January 1999	65	(76,934)	(76,869)
Loss for the year	-	(34,789)	(34,789)
	<hr/>	<hr/>	<hr/>
At 1 January 2000	65	(111,723)	(111,658)
Loss for the year	-	(42,775)	(42,775)
Currency translation differences	-	(13)	(13)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	65	(154,511)	(154,446)
	<hr/>	<hr/>	<hr/>

12. Capital commitments

Authorised future capital expenditure is estimated at US\$120 million (1999 US\$ 136 million) including approximately US\$100 million (1999 US\$118 million) for which contracts have been placed.

13. Related party transactions

The company has taken the advantage of the exemption contained within FRS 8 and does not disclose transactions with related group companies.

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 The BP p.l.c.'s accounts can be obtained from Britannic House, 1 Finsbury Circus, London EC2M 7BA.

15. Post balance sheet events

On 27 July 2001 the authorised share capital was increased from £35,000 to £1,000,000,000 by the creation of 999,965,000 Ordinary Shares of £1 each, ranking *pari passu* in all respects with the Ordinary Shares already in issue.

On 30 July 2001, 599,965,000 Ordinary Shares of £1 each were issued at par to BP Exploration Operating Company Ltd in order to finance the repayment of a £600 million loan to a fellow subsidiary undertaking.