

BP CAPITAL p.l.c.

ANNUAL REPORT AND ACCOUNTS - 1987

Board of Directors: Sir Peter Walters (Chairman)
P.G. Cazalet
R.F. Chase
P.J. Gillam
D.A.G. Simon

REPORT OF THE DIRECTORS

The directors submit their report and the accounts for the year ended 31 December 1987.

The Company acts as a finance company and during 1987 issued promissory notes in the form of commercial paper in New York.

The development of the business of the company is largely determined by the financial requirements of group companies in the UK and abroad. No changes in the activity of the Company are expected in 1988.

The profit for the year was £0.9 million. Reserves brought forward were £5.4 million leaving a balance of £6.3 million to be carried forward.

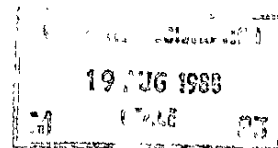
The present directors who are listed above, served throughout the financial year. Other than Mr Chase all were directors of the ultimate holding company. Adjusted to reflect the capitalisation issue on 30 April 1987 of two ordinary shares for each ordinary share then held, Mr Chase had interests in The British Petroleum Company p.l.c. of 2,925 and 3,450 25p ordinary shares at 1 January and 31 December 1987. He did not have any interest in shares or debentures of subsidiary companies of The British Petroleum Company p.l.c.

Ernst & Whinney have expressed their willingness to continue in office as auditors and in accordance with Section 384 of the Companies Act 1985 a resolution proposing their reappointment as auditors of the company will be put to the members at the annual general meeting.

By Order of the Board
R C GRAYSON
Secretary

Britannic House
Moor Lane
London
EC2Y 9BU

28 July 1988



BP CAPITAL p.l.c.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1987

	Note	1987 £ million	1986 £ million
Turnover	2	17.1	7.3
Interest expense	4	16.0	6.9
Exchange loss		0.2	0.2
Administration expenses		-	0.1
		16.2	7.2
Profit for the year	5	<u>0.9</u>	<u>0.1</u>


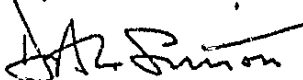
RETAINED PROFIT

Retained profit at 1 January	5.4	80.3
Profit for the year	0.9	0.1
Ordinary dividends	-	75.0
Retained profit at 31 December	<u>6.3</u>	<u>5.4</u>

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BALANCE SHEET AT 31 DECEMBER 1987

	Note	1987 £ million	1986 £ million
Current Assets			
Debtors	7	261.2	276.2
Cash at bank and in hand		0.1	0.3
		<u>261.3</u>	<u>276.5</u>
Creditors - amounts falling due within one year	8	29.6	25.7
Net current assets		<u>231.7</u>	<u>250.8</u>
Total assets less current liabilities		231.7	250.8
Creditors - amounts falling due after more than one year	8	-	20.0
Shareholders' interest		<u>231.7</u>	<u>230.8</u>
Represented by:			
Capital and Reserves			
Called up share capital	9	100.0	100.0
Share premium account		125.4	125.4
Profit and loss account		6.3	5.4
		<u>231.7</u>	<u>230.8</u>

 PETER WALTERS)
 D A G SIMON)

DIRECTORS

28 July 1988

BP CAPITAL p.l.c.

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1987

	1987 £ million	1986 £ million
Source of funds		
Profit after taxation	0.9	0.1
Reduction in long-term loans granted to fellow subsidiaries	-	278.1
Working capital movements:		
Debtors	15.0	128.9
Creditors due within one year (excluding finance debt)	20.1	(251.7)
Other movements		
Reduction in long-term loans received from fellow subsidiaries	(20.0)	
Funds generated from operations	16.0	155.4
Application of funds		
Dividend paid	(25.0)	(50.0)
Funds generated (absorbed)	<u>(9.0)</u>	<u>105.4</u>
Financial movements:		
Issues (repayment) of finance debt	8.8	(106.2)
Cash at bank and in hand	0.2	0.8
	<u>9.0</u>	<u>(105.4)</u>

BP CAPITAL p.l.c.

NOTES TO THE ACCOUNTS

(1) Accounting Policies

- a. The accounts are prepared under the historical cost convention.
- b. Group accounts are not submitted as the company is wholly-owned by The British Petroleum Company p.l.c.
- c. 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.
- d. Deferred taxation is calculated using the liability method.

(2) Turnover

	1987 £m	1986 £m
Group interest receivable		
The British Petroleum Company p.l.c.	—	0.5
BP International Limited	2.5	2.5
Fellow subsidiary companies	—	0.1
	<u>2.5</u>	<u>3.1</u>
Factoring charge receivable from		
BP International Limited	14.6	4.2
	<u>17.1</u>	<u>7.3</u>
	<u>19.6</u>	<u>10.4</u>

(3) Directors

Directors of the company are managing directors or a senior executive of The British Petroleum Company p.l.c. in whose accounts information required by the Companies Act 1985, as to emoluments, is shown.

(4) Interest Expense

	1987 £m	1986 £m
Non-group		
Loans wholly repayable within 5 years	13.4	4.0
Group loans		
Fellow subsidiary companies	2.6	2.9
	<u>16.0</u>	<u>6.9</u>
	<u>16.0</u>	<u>6.9</u>

NOTES TO THE ACCOUNTS (Continued)

- (5) Profit for the year: is arrived at after charging auditors' remuneration of £6,300 (1986 £7,050).

(6) Taxation

United Kingdom taxation - 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 (now Section 402 of the Income and Corporation Taxes Act 1988). Owing to the availability of group relief, no provision for corporation tax has been made in the accounts of this company. The group's current corporation tax liability has been provided in the accounts of BP International Limited, a fellow subsidiary company.

Provision for deferred taxation is not required.

(7) Debtors - due within 1 year

	1987 £m	1986 £m
Holding and fellow subsidiary companies	261.2	276.2
	<u>261.2</u>	<u>276.2</u>
	=====	=====

(8) Creditors

	1987		1986	
	Within 1 year £m	After 1 year £m	Within 1 year £m	After 1 year £m
Holding and fellow subsidiary companies (including proposed dividend)	20.8	-	25.7	20.0
Finance debt-other than bank loans	8.8	-	-	-
	<u>29.6</u>	<u>-</u>	<u>25.7</u>	<u>20.0</u>
	=====	=====	=====	=====

(9) Called up share capital

	1987 £	1986 £
Authorised, allotted and fully paid ordinary shares of £1 each	99,999,990	99,999,990
	<u>99,999,990</u>	<u>99,999,990</u>
	=====	=====

BP CAPITAL p.l.c.

NOTES TO ACCOUNTS (continued)

(10) Finance debt

The Company is designated an additional borrower to the Committed Facility Agreement, between BP International Limited and a number of banks.

(11) Contingent liabilities

Various agreements and letters provide indemnities to agents in connection with commercial paper issues. No claims or losses are anticipated under such indemnities.

(12) The ultimate holding company is The British Petroleum Company p.l.c., a company incorporated in England.

BP CAPITAL p.l.c.

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of BP Capital plc set on pages 2 to 7. These have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of affairs at 31 December 1987 and of the profit, changes in retained ;
and source and application of funds for the year then ended and com .ith
the Companies Act 1985.

ERNST & WHINNEY
Chartered Accountants
London

28 July 1988