

GRANGEMOUTH PROPERTIES LIMITED

(Registered No 05572956)

ANNUAL REPORT AND ACCOUNTS 2007

Board of Directors D J Blackwood
 J C Skipper
 M T Richards

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2007

Principal activity

The company is engaged in the leasing of certain assets from its parent company, Grangemouth Holdings Limited, and to sub lease the same assets to a third party. The company initially paid a premium equal to the value of the assets and will continue to pay a peppercorn rent for a lease term of 100 years. The sub lease arrangement is under the same terms.

It is the intention of the directors that the above business of the company will continue for the foreseeable future.

Review of activities and future developments

The company has had a satisfactory year and the results of the company are as expected.

Results

The profit for the year after taxation was \$275, and when added to the retained profit brought forward at 1 January 2007 of \$259 gives a total retained profit carried forward at 31 December 2007 of \$534. The directors do not propose the payment of a final dividend.

Directors

The present directors are listed above. There have been no director appointments or resignations since 1 January 2007.

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 309 of the Companies Act, 1985 (effective for the period up to 30 September 2007) and section 232 of the Companies Act, 2006 (effective for the period from 01 October 2007).

Risks

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management at a Group level. Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level. Due to the nature of this company no significant risks have been identified.



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GRANGEMOUTH PROPERTIES LIMITED

REPORT OF THE DIRECTORS

Key performance indicators

The Companies Act 1985 requires directors to disclose the company's Key Performance Indicators (KPIs) BP manages its KPIs at a segment and geographical level. As a result the directors have taken the decision not to disclose KPIs in individual subsidiary accounts. The BP Group KPIs are included within the accounts of the ultimate parent undertaking BP plc

Auditors

Ernst & Young LLP will continue in office as the company's auditor in accordance with the elective resolution passed by the company under Section 386 of the Companies Act 1985

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirm that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By order of the Board



~~SECRETARY~~

Secretary

16 July 2008

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

GRANGEMOUTH PROPERTIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the accounts in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting practice

Company law requires the directors to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company. In preparing these accounts, the directors are required

- To select suitable accounting policies and then apply them consistently,
- To make judgements and estimates that are reasonable and prudent,
- To state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts,
- To 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts

GRANGEMOUTH PROPERTIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GRANGEMOUTH PROPERTIES LIMITED

We have audited the company's accounts for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the accounting policies and the related notes 1 to 14. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the accounts.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the accounts.

Ernst & Young LLP
Ernst & Young LLP
Registered auditor
Aberdeen

21 JULY 2008

GRANGEMOUTH PROPERTIES LIMITED

ACCOUNTING POLICIES

Accounting Standards

These accounts are prepared in accordance with applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement.

Interest

All interest is charged against income in the year in which it is incurred.

Foreign currency transactions

Foreign currency transactions are initially recorded in dollars by applying the rate of exchange ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into dollars at the rate of exchange ruling at the balance sheet date. Exchange differences are included in the profit and loss account.

Leases

As a lessor, amounts receivable under finance leases are included under debtors and represent the total amount outstanding under lease agreements less unearned income. Finance lease income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included in turnover.

As a lessee, assets held under finance leases are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after more than one year.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the capital repayments outstanding.

Trade and other debtors

Trade and other debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the group will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GRANGEMOUTH PROPERTIES LIMITED

ACCOUNTING POLICIES

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

Comparative figures

Certain prior year figures have been reclassified to conform with the 2007 presentation. This had no impact on the profit for the year or the net assets of the company.

GRANGEMOUTH PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

		Year ended 31 December 2007	15 months ended 31 December 2006 (as restated)
	Note	\$	\$
Turnover	1	5	7
Profit on ordinary activities before interest and tax		5	7
Interest payable and similar charges	3	(5)	(7)
Other interest receivable and similar income	4	275	259
Profit before taxation		275	259
Taxation	5	-	-
Profit for the year		275	259

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2007


There are no recognised gains or losses attributable to the shareholders of the company other than the profit of \$275 for the year ended 31 December 2007 (15 months ended 31 December 2006 profit of \$259)

GRANGEMOUTH PROPERTIES LIMITED

BALANCE SHEET AT 31 DECEMBER 2007

	Note	<u>2007</u> \$	<u>2006</u> (as restated) \$
Current assets			
Debtors – amounts falling due			
<i>Within one year</i>	7	5,548	5,267
<i>After more than one year</i>	7	<u>83</u>	<u>82</u>
		5,631	5,349
Creditors: amounts falling due within one year	8	<u>(14)</u>	<u>(8)</u>
Net current assets		<u>5,617</u>	<u>5,341</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,617	5,341
Creditors: amounts falling due after more than one year	8	<u>(83)</u>	<u>(82)</u>
NET ASSETS		<u>5,534</u>	<u>5,259</u>
Represented by			
Capital and reserves			
Called up share capital	9	5,000	5,000
Profit and loss account	10	<u>534</u>	<u>259</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>5,534</u>	<u>5,259</u>

On behalf of the Board


Director
16 July 2008

1. Turnover

Turnover, which is stated net of value added tax, represents rental income relating to finance leases entered into by the company. Turnover is attributable to one continuing activity, the finance lease of certain assets, which is wholly undertaken in the United Kingdom.

2. Auditor's remuneration

GRANGEMOUTH PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

	Year ended 31 December 2007	15 months ended 31 December 2006
	\$	\$
Fees for the audit of the company	2,400	2,400

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of Grangemouth Properties Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis

The fees were borne by another group company

3. Interest payable and similar charges

	Year ended 31 December 2007	15 months ended 31 December 2006
	\$	\$
Interest expense on. Finance leases	5	7

4. Interest receivable

	Year ended 31 December 2007	15 months ended 31 December 2006
	\$	\$
Interest income from parent and subsidiary undertakings	275	259

GRANGEMOUTH PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

5. 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 group relief to the extent it is required and to provide for any current or deferred tax that arises without charge

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective tax rate on profit before taxation

	Year ended 31 December 2007	15 months ended 31 December 2006
	\$	\$
Profit before taxation	275	259
Current taxation	-	-
Effective current tax rate	0%	0%
	2007	2006
	%	%
UK statutory corporation tax rate	30	30
Decrease resulting from Group relief	(30)	(30)
Effective current tax rate	-	-

6. 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 (2006 £Nil)

(b) Employee costs

The company had no employees during the year (2006 Nil)

7. Debtors

	2007 Within 1 year	2007 After 1 year	2006 (as restated) Within 1 year	2006 After 1 year
	\$	\$	\$	\$
Trade debtors	13	-	7	-
Parent and fellow subsidiary undertakings	5,534	-	5,259	-
Amounts due under finance leases	1	83	1	82
	5,548	83	5,267	82

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GRANGEMOUTH PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

8. Creditors

	2007 Within 1 year	2007 After 1 year	2006 Within 1 year	2006 After 1 year
	\$	\$	\$	\$
Parent and fellow subsidiary undertakings	13	-	7	-
Amounts due under finance leases	1	83	1	82
	<u>14</u>	<u>83</u>	<u>8</u>	<u>82</u>

Obligations under finance leases fall due as follows.

	2007 \$	2006 \$
Amounts payable within 1 year	1	1
Amounts payable within 2 to 5 years	3	3
Amounts payable after 5 years	<u>80</u>	<u>79</u>

9. Called up share capital

	2007 \$	2006 \$
Authorised, allotted, called up and fully paid 5,000 ordinary shares of \$1 each	<u>5,000</u>	<u>5,000</u>

10. Capital and reserves

	Equity share capital	Profit and loss account	Total
	\$	\$	\$
At 1 January 2007	5,000	259	5,259
Profit for the year	-	275	275
At 31 December 2007	<u>5,000</u>	<u>534</u>	<u>5,534</u>

11. Reconciliation of movements in shareholders' funds

	2007 \$	2006 \$
Profit for the year	275	259
Issue of ordinary share capital	-	5,000
Net increase in shareholders' interests	<u>275</u>	<u>5,259</u>
Shareholders' interest at 1 January	5,259	-
Shareholders' interest at 31 December	<u>5,534</u>	<u>5,259</u>

GRANGEMOUTH PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

12. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions with group companies. There were no other related party transactions in the year.

13. Pensions

The company does not directly employ any staff and therefore does not bear any pension charge.

14. Immediate and ultimate parent undertaking

The immediate parent undertaking of this company is Grangemouth Holdings Limited, a company registered in England and Wales. 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 plc, a company registered in England and Wales. Copies of BP plc's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.