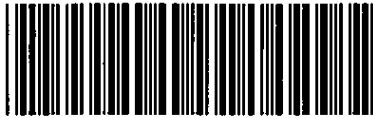


GRANGEMOUTH HOLDINGS LIMITED
(Registered No 05572972)

ANNUAL REPORT AND ACCOUNTS 2006

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



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COMPANIES HOUSE

REPORT OF THE DIRECTORS

The directors present their report and accounts for the period ended 31 December 2006

Principal activity

The company was incorporated on 23 September 2005 for the purpose of a purchase and leaseback of certain Grangemouth assets

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

During the period the company acquired from a third party certain land and assets and an undivided one-half share of the legal title to the land and assets, such that the third party and the company became co-owners

The company entered into an agreement to lease the assets to Grangemouth Properties Limited, a subsidiary, for an initial premium equal to the amount paid for the assets, together with an annual peppercorn rent for a term of 100 years

The results of the company are as expected

Results

The profit for the period after taxation was \$7, and the total retained profit carried forward at 31 December 2006 is \$7. The directors do not propose the payment of a final dividend

Directors

The present directors are listed above

D J Blackwood and J C Skipper served as directors throughout the financial period. The details of the directors' appointments are as follows

	<u>Appointed</u>	<u>Resigned</u>
D J Blackwood	23 September 2005	-
M T Richards	1 March 2006	-
J C Skipper	23 September 2005	-
G Y Birrell	23 September 2005	1 September 2006
S G Peacock	23 September 2005	1 March 2006

GRANGEMOUTH HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Directors' indemnity

The company indemnifies its directors in its Articles of Association to the extent allowed under section 309 of the Companies Act, 1985

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. No significant risks have been identified for this company.

Key performance indicators

The Companies Act 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

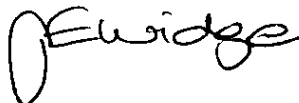
Ernst & Young LLP will continue in office as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

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

11 July 2007

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW167BP

GRANGEMOUTH HOLDINGS LIMITED

STATEMENT OF DIRECTOR'S 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 HOLDINGS LIMITED

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

We have audited the company's accounts for the period ended 31 December 2006 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 12. 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 other information contained in the Annual Report, and consider whether it is consistent with the audited accounts. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

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 2006 and of its profit for the period 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

16 July 2007

GRANGEMOUTH HOLDINGS 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.

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 228(1) of the Companies Act 1985. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p.l.c., a company registered in England and Wales. The accounts present information about the company as an individual undertaking and not about the group.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in dollars by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into dollars at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the profit and loss account.

Fixed asset investments

Fixed asset investments in subsidiaries, joint ventures and associates are included in the accounts at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Leases

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.

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 HOLDINGS LIMITED

ACCOUNTING POLICIES

Use of estimates

The preparation of accounts requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

GRANGEMOUTH HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2006

	Note	2006 \$
Turnover	1	7
Profit before taxation		7
Taxation	3	-
Profit for the period		7

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31 DECEMBER 2006

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of \$7 for the period ended 31 December 2006

GRANGEMOUTH HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2006

	Note	<u>2006</u> \$
Fixed assets		
Investments	5	<u>5,000</u>
Current assets		
Debtors – amounts falling due		
Within one year	6	8
After more than one year	6	<u>82</u>
		90
Creditors: amounts falling due within one year	7	<u>(1)</u>
Net current assets		89
TOTAL ASSETS LESS CURRENT LIABILITIES		5,089
Creditors: amounts falling due after more than one year		(82)
		<u>5,007</u>
NET ASSETS		
Represented by		
Capital and reserves		
Called up share capital	8	5,000
Profit and loss account	9	<u>7</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>5,007</u>

On behalf of the Board



Director

11 July 2007

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GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, represents rental income relating to finance leases of \$6 entered into by the company and the release of associated deferred income of \$1. 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

	<u>2006</u>
	\$
Fees for the audit of the company	<u>2,400</u>

The audit fee was borne by another group company.

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 Holdings Limited's parent, BP plc, are required to disclose non-audit fees on a consolidated basis.

3. 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.

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

	<u>2006</u>
	\$
Profit before taxation	7
Current taxation	-
	0%
Effective current tax rate	
	<u>2006</u>
	%
UK statutory corporation tax rate	30
Increase/(decrease) resulting from Group relief	(30)
	<u>-</u>
Total current period	<u>-</u>

GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

4. Tangible assets

	<u>Plant and machinery</u> \$
Cost and net book value	
At 23 September 2005	-
Additions	10,904,501
Transfers to current assets	<u>(10,904,501)</u>
At 31 December 2006	<u>-</u>

5. Fixed assets – investments

	<u>Subsidiary shares</u> \$
Cost	
At 23 September 2005	-
Additions	5,000
At 31 December 2006	<u>5,000</u>
Amounts provided	
At 23 September 2005 and 31 December 2006	<u>-</u>
Net book amount	
At 31 December 2006	<u>5,000</u>

The investment in the subsidiary is unlisted

The subsidiary undertaking of the company at 31 December 2006 and the percentage of equity capital held is set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

Subsidiary undertakings	%	Country of incorporation	Principal activity
Grangemouth Properties Limited	100	England and Wales	Property rental

GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

6. Debtors

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

During the period, assets costing \$10.9m were acquired by the company from a third party for the purposes of letting under finance leases. The company entered into an agreement during the period to lease the assets to Grangemouth Properties Limited, a subsidiary of the company. Grangemouth Properties Limited subsequently entered into an agreement to sublease the assets to a third party. The amounts due under finance leases above represents the net discounted investment in finance leases at the end of the period.

7. Creditors

	<u>2006</u>	<u>2006</u>
	Within	After
	1 year	1 year
	\$	\$
Accruals and deferred income	1	82

8. Called up share capital

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

The company issued 5,000 \$1 ordinary shares during the period at par.

9. Capital and reserves

	Equity share capital	Profit and loss account	Total
	\$	\$	\$
At 23 September 2005	-	-	-
Issue of ordinary share capital	5,000	-	5,000
Profit for the period	-	7	7
At 31 December 2006	<u>5,000</u>	<u>7</u>	<u>5,007</u>

GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

10. Reconciliation of movements in shareholders' funds

	<u>2006</u>
	\$
Profit for the period	7
Issue of ordinary share capital	<u>5,000</u>
Net increase in shareholders' interests	5,007
Shareholders' interests at 23 September 2005	-
	<u>5,007</u>
Shareholders' interests at 31 December 2006	

11. 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 period.

12. Immediate and ultimate parent undertaking

The immediate parent undertaking of this company is BP International 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.