

GRANGEMOUTH HOLDINGS LIMITED
(Registered No.05572972)

ANNUAL REPORT AND ACCOUNTS 2008

Board of Directors: J C Skipper
B Looney

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2008.

Results and dividends

The profit for the year after taxation was \$1 which, when added to the retained profit brought forward at 1 January 2008 of \$13 gives a total retained profit carried forward at 31 December 2008 of \$14. The directors do not propose the payment of a final dividend.

Principal activity and review of the business

The company is engaged in the purchase and leaseback of certain Grangemouth assets. The company acquired certain land and assets from a third party then subsequently 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.

Principal 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.

Directors

The present directors are listed above.

J C Skipper served as a director throughout the financial year. Changes since 1 January 2008 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
D J Blackwood	-	31 December 2008
M T Richards	-	3 September 2008
B Looney	1 February 2009	-

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

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GRANGEMOUTH HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Auditors

Ernst & Young LLP will continue in office as the Company's auditor and are deemed re-appointed in accordance with Section 487(2) of the Companies Act 2006.

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 confirms 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

26 June 2009

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

GRANGEMOUTH HOLDINGS 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 and the profit for the year. 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; and
- 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 year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, 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 2008 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

30 JUNE 2009

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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

Foreign currency transactions are initially recorded in dollars by applying the exchange rate ruling on 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.

Fixed asset investments

Fixed asset investments in subsidiaries, joint ventures and associates are held 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.

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.

GRANGEMOUTH HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 \$	2007 \$
Turnover	1	6	6
Administration expenses	2	5	-
Profit before taxation		1	6
Taxation	4	-	-
Profit for the year		1	6

The profit of \$1 for the year ended 31 December 2008 has derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2008

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of \$1 for the year ended 31 December 2008 (2007 profit of \$6).

GRANGEMOUTH HOLDINGS LIMITED

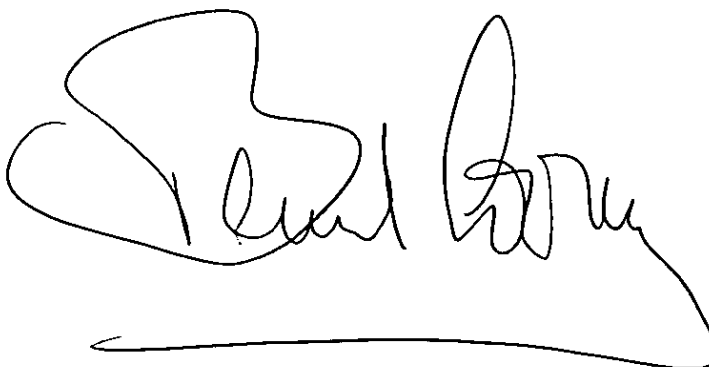
BALANCE SHEET AT 31 DECEMBER 2008

	Note	<u>2008</u> \$	<u>2007</u> \$
Fixed assets			
Investments	6	<u>5,000</u>	<u>5,000</u>
Current assets			
Debtors – amounts falling due:			
<i>Within one year</i>	7	15	14
<i>After more than one year</i>	7	<u>59</u>	<u>83</u>
		74	97
Creditors: amounts falling due within one year	8	<u>(1)</u>	<u>(1)</u>
Net current assets		73	96
TOTAL ASSETS LESS CURRENT LIABILITIES		5,073	5,096
Creditors: amounts falling due after more than one year	8	<u>(59)</u>	<u>(83)</u>
NET ASSETS		<u>5,014</u>	<u>5,013</u>
Represented by			
Capital and reserves			
Called up share capital	9	5,000	5,000
Profit and loss account	10	<u>14</u>	<u>13</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>5,014</u>	<u>5,013</u>

On behalf of the Board

Director

26 June 2009



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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 \$5 (2007: \$5) entered into by the company and the release of associated deferred income of \$1 (2007: \$1). Turnover is attributable to one continuing activity, the finance lease of certain assets which is wholly undertaken in the United Kingdom.

2. Operating profit

This is stated after charging:

	2008	2007
	\$000	\$000
Exchange losses charged to the profit and loss account	<u>5</u>	<u>-</u>

3. Auditor's remuneration

	2008	2007
	\$	\$
Fees for the audit of the company	<u>2,400</u>	<u>2,400</u>

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 ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

4. 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 tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are reconciled below:

	2008	2007
	\$	\$
Profit before taxation	1	6
Current taxation	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax of 28% (2007: 30%)	-	2
Permanent differences	(36,552)	(48,218)
Group relief	36,552	48,216
Total current taxation	<u>-</u>	<u>-</u>

GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

5. 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 (2007 £Nil).

(b) Employee costs

The company had no employees during the year (2007 Nil).

6. Fixed assets – investments

	Subsidiary shares
Cost and net book value	\$
At 1 January and 31 December 2008	<u>5,000</u>

The investment in the subsidiary is unlisted.

The subsidiary undertaking of the company at 31 December 2008 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

7. Debtors

	2008 Within 1 year	2008 After 1 year	2007 Within 1 year	2007 After 1 year
	\$	\$	\$	\$
Amounts owed by group undertakings	14	-	13	-
Amounts due under finance leases	1	59	1	83
	<u>15</u>	<u>59</u>	<u>14</u>	<u>83</u>

8. Creditors

	2008 Within 1 year	2008 After 1 year	2007 Within 1 year	2007 After 1 year
	\$	\$	\$	\$
Accruals and deferred income	1	59	1	83

GRANGEMOUTH HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

9. Called up share capital

	<u>2008</u>	<u>2007</u>
	\$	\$
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 2008	5,000	13	5,013
Profit for the year	-	1	1
At 31 December 2008	<u>5,000</u>	<u>14</u>	<u>5,014</u>

11. Reconciliation of movements in shareholders' funds

	<u>2008</u>	<u>2007</u>
	\$	\$
Profit for the year	1	6
Shareholders' interest at 1 January	5,013	5,007
Shareholders' interest at 31 December	<u>5,014</u>	<u>5,013</u>

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 directly bear any pension charge.

14. Immediate and ultimate parent undertaking

The immediate parent undertaking of this company is BP Exploration Operating Company 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 p.l.c., a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.