

BP OIL GRANGEMOUTH REFINERY LIMITED

(Registered No. 10612)

ANNUAL REPORT AND ACCOUNTS 1999

Board of Directors:- J G Mumford
J D Williams

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 1999.

Principal activity

The company acts as agent for BP Oil UK Limited in the operation of Grangemouth Refinery.

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

Results

There was neither a profit nor a loss for the financial year ending 31 December 1999 (1998 - nil). The directors do not propose to make a dividend payment for 1999 (1998 - nil).

Directors

The present directors are listed above.

Mr J D Williams served as a director throughout the financial year. Changes since 1 January 1999 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
Mr A M P Comprido		1 August 1999
Mr J G Mumford	1 August 1999	

Directors' Interests

The interests of the directors holding office at 31 December 1999 and their families, in the ordinary shares of BP Amoco p.l.c. were as set out below.

Following shareholder approval at its 1 September 1999 Extraordinary General Meeting, BP Amoco p.l.c. subdivided each of its US\$ 0.50 nominal value shares into two US\$ 0.25 new ordinary shares with effect from 4 October 1999. As a result, the number of ordinary shares held at the close of business on 1 October 1999 doubled. All share holdings prior to the subdivision have been adjusted to reflect the share subdivision.



BP OIL GRANGEMOUTH REFINERY LIMITED

REPORT OF THE DIRECTORS (Continued)

Directors' Interests (continued)

	31 December 1999	1 January 1999 or date of appointment
J G Mumford	70,286	70,250
J D Williams	50,146	30,230

In addition, rights to subscribe for ordinary shares in BP Amoco p.l.c.(adjusted for the share subdivision) were granted to, or exercised by, those directors between 1 January 1999 or date of appointment, and 31 December 1999 as follows:

	Granted	Exercised
J G Mumford	15,614	Nil
J D Williams	Nil	13,910

No director had any interest in shares or debentures of subsidiary companies of BP Amoco p.l.c. at 31 December 1999.

Millennium IT risk

The Year 2000 issue, which stems from computer programs written using two digits rather than four to define the applicable year, could have resulted in processing faults on the change of century, producing a wide range of consequences.

To avoid any such consequences, BP Amoco undertook a group-wide risk-based review of its computer systems and process control equipment and developed and implemented plans to remediate potential Year 2000-related faults by replacement or repair. The project was designed to minimize risks arising from the Year 2000 problem which might endanger health, safety, the environment, the group's reputation or its cash flow.

The Year 2000 programme covered IT application systems and infrastructure, process control systems and embedded microprocessors in plants, oil and gas fields and building facilities, and an assessment of the readiness of our critical suppliers, customers, joint ventures and partners. Contingency plans were developed to manage any risk associated with our operations or third party dependencies.

In the event, the group achieved a smooth and successful transition into 2000. In addition to dealing with the specific Year 2000 risk, important additional benefits were seen from the Year 2000 programme in a number of different areas across the group.

BP OIL GRANGEMOUTH REFINERY LIMITED

REPORT OF THE DIRECTORS (Continued)

Millennium IT risk (continued)

A critical point has been passed successfully, but the group is maintaining an appropriate level of vigilance to deal with any consequential Year 2000 effects, especially from third parties, which may yet emerge.

The total cost of the group's Year 2000 programme was \$335 million, which includes some minor expenditure in the first few months of 2000. These costs are charged against income in the period in which they are incurred.

The Euro

BP Amoco's commercial and financial processes were successfully adapted to allow its European operations to undertake transactions in the euro and capture competitive advantage offered by the new currency, from 1 January 1999. In common with experience generally across Europe, the actual level of transactions in euros for our businesses has until now been low. The currency of accounting records and the related systems will be converted during the transition period, which ends on 1 January 2002. The capability to conduct business in national currencies will be retained as long as necessary. The costs associated with the euro programme are estimated at \$100 million, of which some \$26 million had been incurred and expensed by the end of 1999.

Disabled Employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the group has been continued through the newsletter, Horizon, in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas. During the year employee communications has been transformed by building an extensive BP Amoco group Intranet site to keep staff informed about group developments on a daily basis as well as encouraging staff feedback. To this end, the BP Amoco group has carried out a People Assurance Survey world-wide to elicit staff comment and facilitate staff communication with senior management.

BP OIL GRANGEMOUTH REFINERY LIMITED

REPORT OF THE DIRECTORS (Continued)

Events since the Balance Sheet Date

In October 1999, the European Union approved the Exxon-Mobil merger. Consequently BP Amoco and Exxon-Mobil have agreed to terminate their European fuels and lubricants refining and marketing joint venture. As a result, the directors anticipate that the Joint Venture between BP Oil UK Ltd and Mobil Oil Company Ltd will be terminated during 2000.

Policy and Practice with Respect to Payment to 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 number of days' purchases represented by trade creditors at the year-end was nil

Auditors

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually and Ernst & Young continue in office.

By order of the Board



Secretary

Bo'ness Road
Grangemouth FK3 9XQ

8th November 2000

BP OIL GRANGEMOUTH REFINERY 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 responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 Amoco 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 OIL GRANGEMOUTH REFINERY LIMITED

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REPORT OF THE AUDITORS TO THE MEMBERS OF
BP OIL GRANGEMOUTH REFINERY LIMITED

We have audited the accounts on pages 7 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 5 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 1999 and of the result of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young 
Ernst & Young

Registered Auditor

London.

8 November 2000

BP OIL GRANGEMOUTH REFINERY LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999**

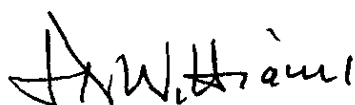
	Note	<u>1999</u> £	<u>1998</u> £
Turnover	2	-	-
Administration expenses		-	-
Profit before taxation		-	-
Taxation	3	-	-
Retained profit for the year		-	-

Statement of total recognised gains and losses for the year ended 31 December 1999

There are no recognised gains or losses attributable to the shareholders of the Company (1998 - nil).

BALANCE SHEET AT 31 DECEMBER 1999

	Note	<u>1999</u> £	<u>1998</u> £
Current assets			
Debtor due within one year:			
Parent undertaking		4,009,500	4,009,500
Shareholders' interest		4,009,500	4,009,500
Represented by			
Capital and reserves			
Called up share capital	5,6	4,000,000	4,000,000
Reserves	6	9,500	9,500
Shareholders' funds –equity interests		4,009,500	4,009,500



Director

8th November 2000

BP OIL GRANGEMOUTH REFINERY LIMITED

NOTES TO THE ACCOUNTS

1. Accounting Policies

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No.1, a cash flow statement is not presented in these accounts.

2. Turnover

There was no turnover for the year ended 31 December 1999 (1998 – nil). Recoveries of reimbursable expenditure have been netted against costs incurred.

3. Taxation

No corporation tax liability arises.

4. Directors and employees

Remuneration of directors

The directors were senior executives of, and were remunerated by, another subsidiary of BP Amoco p.l.c. and received no remuneration for services to this company. Pensions to past and present directors are paid from a funded BP Amoco Group Pension Scheme.

Employee costs

	<u>1999</u>	<u>1998</u>
	£	£
Wages and salaries	36,745,356	38,555,026
Social security costs	3,294,290	3,124,400
Pension costs	<u>154,340</u>	<u>141,963</u>
	<u>40,193,986</u>	<u>41,821,389</u>

Average number of employees during the year :

	<u>1999</u>	<u>1998</u>
Operations	440	590
Maintenance	161	225
Others	<u>330</u>	<u>144</u>
	<u>931</u>	<u>959</u>

BP OIL GRANGEMOUTH REFINERY LIMITED

NOTES TO THE ACCOUNTS (Continued)

5. Called up share capital

	<u>1999</u>	<u>1998</u>
	£	£
Authorised, allotted, called up and fully paid:		
4,000,000 ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>

6. Reconciliation of shareholder's funds and movements on reserves

	<u>Share capital</u>	<u>Reserves</u>	<u>Total</u>
At 1 January 1999	4,000,000	9,500	4,009,500
At 31 December 1999	<u>4,000,000</u>	<u>9,500</u>	<u>4,009,500</u>

7. Post Balance Sheet Events

In October 1999, the European Union approved the Exxon-Mobil merger. Consequently BP Amoco and Exxon-Mobil have agreed to terminate their European fuels and lubricants refining and marketing joint venture. As a result, the directors anticipate that the Joint Venture between BP Oil UK Ltd and Mobil Oil Company Ltd will be terminated during 2000.

8. Related party transactions

The company has taken advantage of the exemption contained within FRS 8, and has not disclosed transactions with group companies. There were no other related party transactions in the year.

9. Pensions

The company is a participating employer in the BP Amoco Group's principal UK pension plan (the BP Pension Fund). The BP Pension Fund is separately funded and comprises a number of sections (both defined benefit and defined contributions) each with their own rules. Contributions are made to the BP Pension Fund on the basis of advice from the scheme actuary, using actuarial methods the objective of which is to provide adequate funds to meet pension obligations as they fall due, and are based on pension costs in respect of all members to the BP Pension fund.

Actuarial surpluses and deficiencies are amortised over the expected remaining service lives of members and charged or credited to income as appropriate in the accounts of BP International Limited, a parent undertaking, having regard to the overall position of the Fund. As a result of the most recent actuarial valuations of the BP Pension Fund as at 1 January 1998, company contributions for all sections ceased with effect from 1 December 1998.

The pension charge for the year ended 31 December 1999 was £154,340 (1998-£141,963).

BP OIL GRANGEMOUTH REFINERY LIMITED

NOTES TO THE ACCOUNTS (Continued)

10. 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 Amoco p.l.c. a company registered in England and Wales. Copies of BP Amoco p.l.c.'s accounts can be obtained from Britannic House, 1 Finsbury Circus, London EC2M 7BA.