

BP CHEMICALS LIMITED
(Registered No. 194971)

ANNUAL REPORT AND ACCOUNTS 2003

Board of directors: N R Elmslie
R M Stott
C P Saunders
S K Welch

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2003.

Principal activity

The company and its subsidiary undertakings operate chemicals and plastics manufacturing assets either in their own name or as agents of BP International Limited. It is the intention of the directors that the current business of the company will continue for the foreseeable future.

Review of activities

The company has had a satisfactory year and the directors believe this trend will continue. The UK operation made an operating profit of £9,989,000, including an £11,000,000 annual agency fee charged to BP International Ltd.

The Wingles branch in France, which made an operating loss of £10,739,000, was sold on 31 December 2003 to BP France SA for a consideration of a €55,517,000 (£39,072,000) investment in BP France SA creating a profit on disposal of £1,230,000.

The company is in a good position to take advantage of any opportunities which may arise in the future.

Results and dividends

The loss for the year after taxation of £1,468,000 when deducted from the retained profit brought forward at 1 January 2003 of £111,630,000, together with exchange adjustments taken directly to reserves of £3,555,000, give a total retained profit carried forward at 31 December 2003 of £113,717,000. The directors do not propose the payment of a final dividend.

Research and development

The company, on behalf of itself and its subsidiaries, is engaged in a wide range of research and development activities in connection with the manufacture of chemicals and plastics.



BP CHEMICALS LIMITED
REPORT OF THE DIRECTORS

Directors

The present directors are listed on page 1. Mr M C Buzzacott, Mr I C Conn, Mr A S Mackenzie, and Mr C P Saunders served as directors throughout the financial year. Changes since 1 January 2003 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
D K Peattie		1 May 2003
M C Buzzacott		1 February 2004
S K Welch	1 May 2003	1 April 2004
R M Hookway	1 February 2004	1 October 2004
I C Conn		30 June 2004
A S Mackenzie		31 July 2004
R M Stott	1 September 2004	
N R Elmslie	1 October 2004	
S K Welch	1 September 2004	

Directors' interests

The interests of the directors holding office at 31 December 2003, other than directors of the ultimate parent undertaking, and their families, in the US \$0.25 ordinary shares of BP p.l.c., were as set out below:

	<u>31 December 2003</u>	<u>1 January 2003</u> (or date of appointment)
M C Buzzacott	250,671	242,328
I C Conn	87,829	62,509
A S Mackenzie	241,807	232,289
C P Saunders	42,566	40,595
S K Welch	72,166*	72,166*

In addition, rights to subscribe for US \$0.25 ordinary shares in BP p.l.c were granted to, or exercised by, those directors between 1 January 2003 (or date of appointment) and 31 December 2003 as follows:

	<u>Granted</u>	<u>Exercised</u>
M C Buzzacott	130,000	-
I C Conn		
A S Mackenzie	119,000	-
C P Saunders	4,400	-
S K Welch	-	-

*These holdings include shares held in the form of ADRs (American Depository Receipts)

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2003.

BP CHEMICALS LIMITED

REPORT OF THE DIRECTORS

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 BP group continued its policy of providing employees with information on matters of concern to them. In particular, information relating to group performance and group policies has been readily available to employees through the 'BP World' intranet web-site. A worldwide People Assurance Survey was undertaken to measure employee satisfaction levels with group leadership. Employees were invited to participate in BP share schemes.

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 Companies Act 1985.

By order of the Board

Secretary


25 October 2004

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

BP CHEMICALS 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 also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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 adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

BP CHEMICALS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF BP CHEMICALS LIMITED

We have audited the company's accounts for the year ended 31 December 2003 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, accounting policies and the related notes 1 to 20. These accounts have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

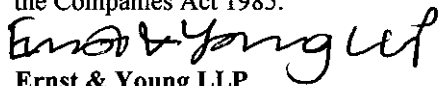
Basis of audit opinion

We conducted our audit in accordance with 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 2003 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London.

25 October 2004

BP CHEMICALS LIMITED

ACCOUNTING POLICIES

Accounting Standards

These accounts are prepared in accordance with applicable UK accounting standards.

Accounting convention

The accounts have been prepared under the historical cost convention.

Statement of cash flows

The Group financial statements 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.

Stock valuation

Stocks are valued at cost using the first-in, first-out method, or at net realisable value, whichever is the lower.

Foreign currencies

Assets and liabilities of foreign currency branches are translated into sterling/dollars at closing rates of exchange. Income statements are translated at average rates of exchange. Exchange differences resulting from the retranslation of net investments in foreign currency branches at closing rates, together with differences between income statements translated at average rates and at closing rates of exchange, are dealt with in reserves. Exchange gains and losses arising on long-term foreign currency borrowings used to finance the company's foreign currency investments are also dealt with in reserves.

All other 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/loss for the year.

BP CHEMICALS LIMITED

ACCOUNTING POLICIES

Depreciation

Tangible and intangible assets, other than freehold land, are depreciated on the straight line method over their estimated useful lives. The company undertakes a review for impairment of a fixed asset or goodwill if events or changes in circumstances indicate that the carrying amount of the fixed asset or goodwill may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the fixed asset or goodwill is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

Research expenditure

Expenditure on research is written off in the year in which it is incurred.

Pensions

Pension costs represent the contributions made to The BP Pension Fund.

In accordance with Statement of Standard Accounting Practice No 24 "Accounting for pension costs" the cost of providing pensions is charged to income on a systematic basis, with pension surpluses and deficits amortised over the expected average remaining service lives of current employees. The difference between the amounts charged to income and contributions made to the pension plans is included within pension provisions or debtors as appropriate.

The transitional disclosures of FRS 17 have been made in the accounts of the ultimate parent holding undertaking.

Deferred taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of fixed assets, and gains on disposals of fixed asset that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Deferred tax assets are recognized only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date.

BP CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	<u>2003</u>	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>	<u>2002</u>
		Continuing	Discontinued	Total	Continuing	Discontinued	Total
		Operations	Operations		Operations	Operations	
		£000	£000	£000	£000	£000	£000
Turnover		329,584	109,119	438,703	249,233	99,170	348,403
Cost of sales		(318,589)	(109,746)	(428,335)	(238,219)	(96,847)	(335,066)
Gross profit/(loss)		<u>10,995</u>	<u>(627)</u>	<u>10,368</u>	<u>11,014</u>	<u>2,323</u>	<u>13,337</u>
Distribution and marketing expenses		-	(6,856)	(6,856)	-	(5,462)	(5,462)
Administration expenses		(1,071)	(3,256)	(4,327)	(95)	(4,102)	(4,197)
Other income		65	-	65	41	25	66
Operating profit /(loss)		<u>9,989</u>	<u>(10,739)</u>	<u>(750)</u>	<u>10,960</u>	<u>(7,216)</u>	<u>3,744</u>
Profit on disposal of fixed assets				-			50,564
Profit on sale of operations				1,230			-
Profit on ordinary activities before interest and tax				<u>480</u>			<u>54,308</u>
Interest payable and similar charges				(343)			(3,017)
Profit before taxation				<u>137</u>			<u>51,291</u>
Taxation				(1,605)			(4,093)
Retained (loss)/profit for the year				<u>(1,468)</u>			<u>47,198</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2003

	<u>2003</u>	<u>2002</u>
	£000	£000
(Loss)/profit for the year	(1,468)	47,198
Currency translation differences	3,555	(1,558)
Total recognised gains and losses for the year	<u>2,087</u>	<u>45,640</u>

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BP CHEMICALS LIMITED

BALANCE SHEET AT 31 DECEMBER 2003

	Note	<u>2003</u> £000	<u>2002</u> £000
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	-	40,662
Investments	10	121,400	83,301
		<hr/>	<hr/>
		121,400	123,963
Current assets			
Stocks	11	-	11,624
Debtors - amounts falling due:			
Within one year	12	3,649	56,007
After more than one year	12	11	11
Cash at bank and in hand		18,491	35,091
Creditors - amounts falling due within one year	13	(8,610)	(93,598)
		<hr/>	<hr/>
Net current assets		13,541	9,135
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		134,941	133,098
Creditors - amounts falling due after more than one year	13	-	(244)
		<hr/>	<hr/>
NET ASSETS		134,941	132,854
		<hr/> <hr/>	<hr/> <hr/>
Represented by			
Capital and reserves			
Called up share capital	14	12,500	12,500
Share premium account	15	8,724	8,724
Profit and Loss account	15	113,717	111,630
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS - EQUITY INTERESTS		134,941	132,854
		<hr/> <hr/>	<hr/> <hr/>

C S de

Director

25 October

2004

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, comprises amounts invoiced to third parties, all of which falls within the UK geographic area.

	<u>2003</u> £000	<u>2002</u> £000
By geographical area:		
United Kingdom	339,432	238,077
Rest of Europe	70,620	66,748
USA & Canada	8,093	7,329
Rest of World	20,558	36,249
	<hr/> 438,703 <hr/>	<hr/> 348,403 <hr/>

2. Operating profit

This is stated after charging:

	<u>2003</u> £000	<u>2002</u> £000
Expenditure on research	35,665	31,810
Depreciation of owned fixed assets	3,869	3,200
Amounts provided against fixed asset investments	1,000	-
Auditors' remuneration:		
Overseas audit fees	24	25
	<hr/> 24 <hr/>	<hr/> 25 <hr/>

The UK auditors' remuneration is dealt with in the accounts of the parent undertaking. No fees were paid to the auditors for other services.

3. Other income

	<u>2003</u> £000	<u>2002</u> £000
Interest income from fellow subsidiary undertakings	-	25
Other interest and miscellaneous income	65	41
	<hr/> 65 <hr/>	<hr/> 66 <hr/>

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

4. Exceptional items

Exceptional items comprise the profit on disposal of intangible and tangible fixed assets, and on the disposal of operations as follows:

	<u>2003</u> £000	<u>2002</u> £000
Profit on sale of operations	1,230	-
Sale of technology and patents	-	52,624
Exchange loss on sale	-	(2,060)
Taxation credit/(charge)	-	-
Exceptional items, net of tax	<u>1,230</u>	<u>50,564</u>

The profit on sale of operations of £1,230,000 arose due to the company's decision to sell its Wingles branch to BP France SA for a consideration of a €55,517,000 (£39,072,000) shareholding in BP France SA. This shareholding was subsequently contributed to BP Chemicals France Holdings SAS in exchange for shares in that company of an equal value.

The profit for 2002 includes the sale of patents and information relating to Butadiene to Butyl Acetate, High Solids Solvents, and Reactive Dilutents technologies to BP Corporation North America Inc. for \$80,539,000 (£52,624,000).

5. Interest payable and similar charges

	<u>2003</u> £000	<u>2002</u> £000
Interest expense on:		
Loans from fellow subsidiary undertakings	343	3,017

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

6. Taxation

United Kingdom 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 UK tax that arises without charge.

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<u>2003</u> £000	<u>2002</u> £000
<i>Current tax</i>		
Corporation tax at 30% (2001: 30%)	-	-
<i>Foreign tax</i>		
Tax on income for the period	1,605	4,093
Adjustments in respect of prior periods	-	-
<i>Deferred tax</i>		
Foreign tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	1,605	4,093
	<hr/> <hr/>	<hr/> <hr/>

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 – 30%). The differences are reconciled below:

	<u>2003</u> £000	<u>2002</u> £000
Profit before taxation	137	51,291
Current taxation	1,605	4,093
	<hr/>	<hr/>
	%	%
Effective current tax rate	1,167	8
	<hr/> <hr/>	<hr/> <hr/>

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

(b) Factors affecting the current tax charge (continued)

	<u>2003</u>	<u>2002</u>
	%	%
Profit on ordinary activities before tax:	30	30
UK statutory corporation tax rate:		
Higher taxes on overseas earnings		
Permanent differences		
Tax losses unused/(utilized)		
Timing differences		
Group relief		
Effective current tax rate	1,167	<u>8</u>

7. 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 (2002 £Nil).

	<u>2003</u>	<u>2002</u>
	£000	£000
(b) Employee costs		
Wages and salaries	152,877	167,771
Termination payments	17,723	17,201
Social security costs	12,197	7,461
Pension costs	1,983	(1,861)
	<u>184,780</u>	<u>190,572</u>

(c) Average number of employees during the year

	<u>2003</u>		<u>2002</u>	
	UK	Non-UK	UK	Non-UK
Manufacturing	1,882	125	2,181	124
Distribution & marketing	28	15	41	15
Administration	597	51	651	51
	<u>2,507</u>	<u>191</u>	<u>2,873</u>	<u>190</u>

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

8. Intangible assets

	<u>Software</u>
	£000
Cost	
At 1 January 2003	826
Exchange adjustments	112
Deletions	(938)
	<hr/>
At 31 December 2003	-
	<hr/>
Depreciation	
At 1 January 2003	826
Exchange adjustments	112
Deletions	(938)
	<hr/>
At 31 December 2003	-
	<hr/>
Net book value	
At 31 December 2003	-
	<hr/>
At 31 December 2002	-
	<hr/>
Depreciation rate: 20%	

All of the company's fixed assets were held by the Wingles branch in France. The branch, together with its fixed assets, was sold on 31 December 2003 to BP France SA (see note 4).

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

9. Tangible assets

	<u>Land and Buildings</u>	<u>Plant and Machinery</u>	<u>Total</u>	<u>Of which: Assets under construction</u>
	£000	£000	£000	£000
Cost				
At 1 January 2003	4,275	83,939	88,214	3,241
Exchange adjustments	272	5,129	5,401	198
Additions	-	2,640	2,640	2,640
Deletions	(4,547)	(91,708)	(96,255)	(6,079)
	-----	-----	-----	-----
At 31 December 2003	-	-	-	-
	=====	=====	=====	=====
Depreciation				
At 1 January 2003	2,749	44,803	47,552	-
Exchange adjustments	169	2,742	2,911	-
Charge for the year	77	3,793	3,870	-
Deletions	(2,995)	(51,338)	(54,333)	-
	-----	-----	-----	-----
At 31 December 2003	-	-	-	-
	=====	=====	=====	=====
Net book value				
At 31 December 2003	-	-	-	-
	-----	-----	-----	-----
At 31 December 2002	1,526	39,136	40,662	3,241
	=====	=====	=====	=====

Depreciation rates: 5% to 25%

All of the company's fixed assets were held by the Wingles branch in France. The branch, together with its fixed assets, was sold on 31 December 2003 to BP France SA (see note 4).

Included in the value of land and buildings at 31 December 2002 is freehold land valued at £1,122,000 which was not depreciated.

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

10. Fixed assets - investments

	<u>Subsidiary undertakings</u> £000
Cost	
At 1 January 2003	83,578
Additions	39,099
At 31 December 2003	<u>122,677</u>
Amounts provided	
At 1 January 2003	277
Provided in the year	1,000
At 31 December 2003	<u>1,277</u>
Net book value	
At 31 December 2003	<u>121,400</u>
At 31 December 2002	<u>83,301</u>

The investments in the subsidiary undertakings are unlisted.

The company established a new subsidiary undertaking during the year, BP Chemicals France Holdings SAS, with share capital of €55,554,000 (£39,099,000).

A full provision of £1,000,000 has been made against the company's investment in BP World-Wide Technical Services Limited.

The more important subsidiary undertakings of the company at 31 December 2003 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name. A complete list of investments in subsidiary and associated undertakings will be attached to the parent company's annual return made to the Registrar of Companies.

Subsidiary Undertakings	%	Country of incorporation	Principal Activity
BXL Plastics Ltd	100	England & Wales	Plastics
BP Chemicals (Korea) Ltd	100	England & Wales	Chemicals
BP Korea Marketing Ltd	100	England & Wales	Marketing
BP Chemicals Asia Pacific Services Ltd (in liquidation)	100	England & Wales	Chemicals
BP World-Wide Technical Services Ltd	100	England & Wales	Chemicals
BP Sutton Limited	100	England & Wales	Chemicals
BP Chemicals France Holdings SAS	100	France	Holding Company
Neath Canal Navigation	84.62	England & Wales	Chemicals

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

11. Stocks

	<u>2003</u>	<u>2002</u>
	£000	£000
Raw materials and consumables	-	2,369
Finished goods and goods for resale	-	7,408
Stores	-	1,847
	<hr/>	<hr/>
	-	11,624
	<hr/> <hr/>	<hr/> <hr/>

The difference between the carrying value of stocks and their replacement cost is not material.

12. Debtors

	<u>2003</u>		<u>2002</u>	
	Within 1 year £000	After 1 year £000	Within 1 year £000	After 1 year £000
Trade	-	-	47	-
Parent and fellow subsidiary undertakings	3,538	-	48,178	-
Taxation recoverable	-	-	4,817	-
Other	111	11	2,965	11
	<hr/>	<hr/>	<hr/>	<hr/>
	3,649	11	56,007	11
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13. Creditors

	<u>2003</u>		<u>2002</u>	
	Within 1 year £000	After 1 year £000	Within 1 year £000	After 1 year £000
Trade	-	-	4,587	-
Parent and fellow subsidiary undertakings	-	-	72,068	-
Taxation on profits	-	-	2,572	-
Accruals and deferred income	-	-	11,485	-
Other	8,610	-	2,886	244
	<hr/>	<hr/>	<hr/>	<hr/>
	8,610	-	93,598	244
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

14. Called up share capital

	<u>2003</u> £000	<u>2002</u> £000
Authorised, allotted called up and fully paid 12,500,000 Ordinary shares of £1 each	12,500	12,500

15. Reconciliation of shareholders' funds and movements on reserves

	<u>Equity</u> <u>share</u> <u>capital</u> £000	<u>Share</u> <u>premium</u> <u>account</u> £000	<u>Profit &</u> <u>Loss</u> <u>account</u> £000	<u>Total</u> £000
At 1 January 2003	12,500	8,724	111,630	132,854
Profit for the year	-	-	(1,468)	(1,468)
Currency translation differences	-	-	3,555	3,555
At 31 December 2003	12,500	8,724	113,717	134,941

16. Reconciliation of movements in shareholders' interest

	<u>2003</u> £000	<u>2002</u> £000
Profit for the year	(1,468)	47,198
Currency translation differences	3,555	(1,558)
Net increase in shareholders' interests	2,087	45,640
Shareholders' interest at 1 January	132,854	87,214
Shareholders' interest at 31 December	134,941	132,854

BP CHEMICALS LIMITED

NOTES TO THE ACCOUNTS

17. Operating lease commitments

At 31 December the company had annual commitments under other non-cancellable operating leases as set out below:

	<u>2003</u>	<u>2002</u>
	£000	£000
Expiring:		
Within 1 year	-	17
Between 2 and 5 years	-	17
	<u> </u>	<u> </u>

18. Pensions

The BP group's principal pension plan in the UK (the BP Pension Fund) is separately funded and provides benefits that are computed based on an employee's years of service and final pensionable salary. Contributions are made to the BP Pension Fund on the basis of advice from independent actuaries, 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 of the fund. Having regard to the overall position of the fund actuarial surpluses and deficiencies are amortised over the expected remaining service lives of members of this company. Details of the most recent actuarial valuation of the BP Pension Fund as at 1 January 2002 are included within the financial statements of the ultimate parent undertaking.

The credit to profit for the year for pensions is £1,336,469 (2002: £1,861,000)

19. 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.

20. 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 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.