

ANNUAL REPORT AND ACCOUNTS 1991

Board of Directors:- D A G Simon - Chairman
S J Ahearne
D P Chapman
Dr P R Vaight

REPORT OF THE DIRECTORS

The directors submit their report and the accounts for the year ended 31 December 1991.

The company, which is based in the UK, is engaged internationally in oil, chemicals and related financial activities. It also provides services to other group undertakings and holds investments in subsidiary undertakings engaged in similar activities.

Financial review

The profit for the year was £673 million. Interim dividends of £780 million were paid and the balance of retained profit at 31 December 1991 of £666 million is being carried forward.

Review of activities

Oil activities comprise the results of BP International's Refining and Marketing business, as well as certain international business sectors with head offices in the United Kingdom. These showed an operating profit for the year of £97 million.

The chemicals loss of £101million in 1991 reflected a deterioration throughout the year in major markets, notably in olefins and polyethylene.

Expenditure on research, before recoveries, amounted to £152 million supporting mainly the company's oil, chemicals and engineering activities.

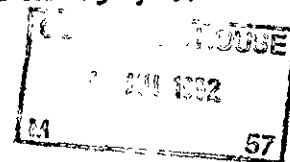
Income from corporate activities of £1,128 million includes dividends from subsidiary undertakings of £968 million.

Directors

The present directors of the company are listed above. Mr D A G Simon, Mr S J Ahearne, Mr M T Bentley, and Mr S W Percy were directors throughout the financial year. Mr R A McGimpsey resigned on 1 July 1991 and Dr P R Vaight was appointed on the same date. Mr S W Percy resigned on 30 June 1992 and Mr M T Bentley on 17 July 1992. Mr D P Chapman was appointed on 20 July 1992.

Presentor:

P.J. Walters
Secretary's
The British Petroleum Company p.l.c.
Britannic House 1 Finsbury Circus
London EC2M 7BA
Telephone: 071-496 4235



REPORT OF THE DIRECTORS

The interests of the directors holding office at 31 December 1991, including family interests, in the shares of The British Petroleum Company p.l.c. are shown below, except for a director of the ultimate parent undertaking. Interests at 1 January 1991, or date of appointment, are also shown. All the interests shown are beneficial.

	Type of shares	31 December 1991	1 January 1991 or date of appointment
S J Ahearne	25p ordinary	4,893	4,352
M T Bentley	25p ordinary	11,299	10,435
S W Percy	25p ordinary	11,244	7,728
Dr P R Vaight	25p ordinary	9,424	6,166

Mr S W Percy's interest was held in the form of American Depositary Shares.

None of the above had any interest in shares or debentures of subsidiary undertakings of The British Petroleum Company p.l.c. at 31 December 1991.

Rights to subscribe for 25p ordinary shares were granted to, or exercised by, the directors between 1 January and 31 December 1991 as follows:-

	Granted	Exercised
S J Ahearne	-	-
M T Bentley	-	-
S W Percy	-	-
Dr P R Vaight	-	2,721

Pursuant to Section 310 of the Companies Act 1985, for the year ended 31 December 1991, policies of insurance have been purchased and maintained by the ultimate parent undertaking for the directors and officers of the company against the financial consequences of actions brought against them by outside parties for their acts or omissions in the performance of their duties as directors or officers of the company.

Auditors

Ernst & Young have expressed their willingness to continue as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the Board


R.C. GRAYSON Secretary

Britannic House
1 Finsbury Circus
London
EC2M 7BA

23 July 1992

REPORT OF THE AUDITORS

To the members of BP International Limited

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1991 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

E.Y.

Ernst & Young

Chartered Accountants
Registered Auditor
London

23 July 1992

ACCOUNTING POLICIES

Presentation of accounts

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

Group Accounts

Group accounts are not submitted as the company is a wholly-owned subsidiary undertaking of its ultimate parent undertaking, The British Petroleum Company p.l.c. Income of associated undertakings is dealt with in the accounts of the ultimate parent undertaking and only dividend income received is reflected in the company's accounts.

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 with these accounts.

Foreign currencies

Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange and profit and loss accounts are translated at average rates of exchange. All 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 for the year.

Stock valuation

Stocks of oil and chemicals are valued at cost including overheads, using the first-in first-out method or at net realisable value, whichever is the lower. Stores are stated at or below cost calculated mainly using the average method.

Depreciation

Depreciation on tangible fixed assets and patents and trade marks is calculated on the straight line method over their estimated useful lives.

Leases

Assets held under leases which result in the company receiving substantially all risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments. The corresponding finance lease obligation is included with borrowings. Rentals under operating leases are charged against income as incurred.

Interest

Interest is capitalised during the period of construction where it relates either to the financing of major products with long periods of development or to dedicated financing of other projects. All other interest is charged against income.

Research

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

Deferred taxation

Deferred taxation is calculated using the liability method. Provision is made where timing differences are expected to reverse in the foreseeable future.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1991

£ million

	Note	1991	1990
TURNOVER	1	10,464	10,360
Cost of sales		10,254	9,977
		<hr/>	<hr/>
GROSS PROFIT		210	383
Distribution expenses		113	118
Administration expenses		304	301
		<hr/>	<hr/>
Other income	2	(207) 1,293	(36) 1,269
		<hr/>	<hr/>
OPERATING PROFIT	1	1,086	1,233
Interest and other similar charges	3	398	410
		<hr/>	<hr/>
PROFIT BEFORE TAXATION		688	823
Taxation	7	15	49
		<hr/>	<hr/>
PROFIT FOR THE YEAR		673	774
		<hr/>	<hr/>
RESERVES			
Balance at 1 January		773	399
Profit for the year		673	774
Interim dividends		780	400
		<hr/>	<hr/>
BALANCE AT 31 DECEMBER		666	773
		<hr/>	<hr/>

BALANCE SHEET

AS AT 31 DECEMBER 1991

£ million

	Note	1991	1990
Fixed assets			
Intangible assets	8	9	6
Tangible assets	9	1,110	863
Investments	10	1,277	1,026
		<u>2,396</u>	<u>1,895</u>
Current assets			
Stocks	11	227	225
Debtors	12	10,220	8,944
Investments	13	2	2
Cash at bank and in hand		12	179
		<u>10,461</u>	<u>9,350</u>
Creditors - amounts falling due within one year			
Finance debt	14	363	357
Other creditors	15	9,765	8,498
		<u>333</u>	<u>495</u>
Net current assets			
		<u>2,729</u>	<u>2,390</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors - amounts falling due after more than one year			
Finance debt	14	678	459
Other creditors	15	1,327	1,080
Provision for liabilities and charges			
Deferred taxation	7	57	77
		<u>667</u>	<u>774</u>
SHAREHOLDERS' INTEREST			
		<u>667</u>	<u>774</u>
REPRESENTED BY			
Capital and reserves			
Called up share capital	16	1	1
Reserves		666	773
		<u>667</u>	<u>774</u>

D.A.G. SINON

S.J. AHEARNE

Director

Director

23 July 1992

NOTES ON ACCOUNTS

1 TURNOVER AND INCOME STATEMENT ANALYSIS

Turnover comprises sales and other operating revenue, all of which falls within the UK geographic area, including the UK based international oil and gas activities.

Activity analysis

£ million

	Turnover		Operating profit/ (loss) before tax	
	1991	1990	1991	1990
Oil	9,604	9,318	97	68
Chemicals	1,425	1,531	(101)	12
Corporate	-	-	1,128	1,175
Other activities	167	162	(38)	(22)
Less: inter-activity sales	(732)	(651)		
	<u>10,464</u>	<u>10,360</u>	<u>1,086</u>	<u>1,233</u>

Other activities include gas, engineering and technical activities and corporate includes management and financial activities.

Corporate operating profit includes an exchange loss on long term loans to parent and subsidiary undertakings of £124 million (1990 £11 million loss) and a credit from fellow UK subsidiaries of £44m in respect of prior years' research costs.

2 OTHER INCOME

£ million

	1991	1990
Subsidiary undertakings		
Dividends	971	680
Other interest and miscellaneous income	200	222
Profit on sale of subsidiaries	8	249
	<u>1,179</u>	<u>1,151</u>
Interest from associated undertakings	3	-
Interest from fellow subsidiary undertakings	28	93
Other interest and miscellaneous income	83	25
	<u>1,293</u>	<u>1,269</u>

NOTES ON ACCOUNTS

3 INTEREST AND OTHER SIMILAR CHARGES

£ million

	1991	1990
Interest expense		
Non-group loans wholly repayable		
within five years	18	21
Group and fellow subsidiary undertakings' loans	321	349
Finance leases	52	23
	—	—
	391	393
Factoring charge payable to BP Capital p.l.c.	7	17
	—	—
	398	410
	==	==

The factoring charge payable to BP Capital p.l.c., a fellow subsidiary undertaking, arises under an agreement in respect of certain of the company's debtors.

4 DEPRECIATION, HIRE, RESEARCH AND AUDIT COSTS

£ million

	1991	1990
Depreciation	114	108
	==	==
Depreciation of capitalised leased assets		
included above	26	19
	==	==
Hire charges under operating leases:		
Plant and machinery	8	33
Land and buildings	8	8
	—	—
	16	41
	==	==
Expenditure on research	152	155
	==	==

Auditors' remuneration amounted to £698,000 (1990 £623,000)

5 EMPLOYEES AND PENSIONS

BP International Limited does not directly employ any staff and therefore does not directly bear any pension charge.

6 DIRECTORS' EMOLUMENTS

The chairman is a director of The British Petroleum Company p.l.c. (the ultimate parent undertaking) in whose accounts the information required by the Companies Act 1985, as to emoluments, is given. The remaining directors are senior executives of, and are remunerated by, The British Petroleum Company p.l.c. and received no remuneration for services to this company or its subsidiary undertakings.

NOTES ON ACCOUNTS

7 TAXATION

	£ million	
	1991	1990
United Kingdom corporation tax		
Current at 33.25% (1990 34.25%)	103	300
Overseas taxation relief	(9)	(170)
	<u>94</u>	<u>130</u>
Deferred at 33% (1990 33%)	(20)	(40)
Advance corporation tax	(60)	(60)
	<u>14</u>	<u>30</u>
Overseas taxation	1	19
	<u>15</u>	<u>49</u>
	<u><u>15</u></u>	<u><u>49</u></u>

United Kingdom taxation - the company is a member of a group for the purposes of group relief under Section 402 of the Income and Corporation Taxes Act 1988.

Having regard to the BP group tax position of non-North Sea activities £94 million (1990 £130 million) has been provided for UK corporation tax after taking account of overseas taxation relief attributable to this company. This charge includes an amount of £12 million previously provided in a subsidiary undertaking. A credit for deferred taxation of £20 million has arisen in the current year (1990 £40 million). This includes a charge of £20 million in respect of deferred taxation previously provided in a subsidiary undertaking.

The gross potential liability at 31 December 1991 in respect of the group's non-North Sea activities for deferred taxation was £407 million (1990 £375 million), including £33 million in respect of the subsidiary undertaking referred to in the paragraph above. If provision had been made in the accounts on the basis of the gross potential liability there would have been a charge of £32 million (1990 £23 million credit).

The corporation tax liability of this company, which has been included in the above amounts, is partially covered by double taxation relief. The benefit of underlying overseas taxation as computed under Section 799 of the Income and Corporation Taxes Act 1988 has been included in the overseas taxation relief but not included in the overseas taxation charge. The gross potential liability for deferred taxation at 31 December 1991 comprises tax in respect of:-

	£ million	
	1991	1990
Depreciation	101	98
Other items	(4)	(26)
	<u>97</u>	<u>72</u>
	<u><u>97</u></u>	<u><u>72</u></u>

If provision had been made in the accounts on the basis of the gross potential liability there would have been a charge of £25 million (1990 £58 million credit).

Advance corporation tax has not been deducted from the potential amounts of deferred taxation. This item is included in debtors - advance corporation tax recoverable.

NOTES ON ACCOUNTS

8 INTANGIBLE ASSETS

£ million

Patents &
trade marks

Cost	
At 1 January 1991	26
Transfers	6
	<u>32</u>
At 31 December 1991	<u>32</u>
Depreciation	
At 1 January 1991	20
Charge for the year	2
Transfers	1
	<u>23</u>
At 31 December 1991	<u>23</u>
Net book amount	
At 31 December 1991	9
	<u>9</u>
At 31 December 1990	6
	<u>6</u>
Principal rate of depreciation	20%

NOTES ON ACCOUNTS

9 TANGIBLE ASSETS - PROPERTY, PLANT AND EQUIPMENT

£ million

	Chemicals	Oil	Corporate and other	Total	of which: Assets under construction
Cost					
At 1 January 1991	1,278	17	334	1,629	139
Additions	299	11	60	370	278
Deletions	(5)	-	(20)	(25)	(13)
Transfers in	1	-	-	1	-
Transfers out	-	(15)	(11)	(26)	(310)
At 31 December 1991	1,573	13	363	1,949	94
Depreciation					
At 1 January 1991	577	13	176	766	
Charge for year	81	-	31	112	
Deletions	(4)	-	(15)	(19)	
Transfers in	-	-	-	-	
Transfers out	-	(12)	(8)	(20)	
At 31 December 1991	654	1	184	839	
Net book amount					
At 31 December 1991	919	12	179	1,110	94
At 31 December 1990	701	4	158	863	139
Principal rates of depreciation	5-20%	10-25%	10-25%		

Assets held under finance leases, capitalised interest and land at net book amount included above:

	Leased assets			Capitalised interest			Freehold land
	Cost	Dep'n	Net	Cost	Dep'n	Net	
At 31 December 1991	593	48	545	7	7	-	7
At 31 December 1990	392	22	370	7	6	1	5

NOTES ON ACCOUNTS

10 FIXED ASSETS - INVESTMENTS

£, million

	Subsidiary undertakings Shares	Associated undertakings Shares	Other Loans	Total
Cost				
At 1 January 1991	937	21	72	1,030
Additions	265	-	1	266
Deletions	1	-	13	14
At 31 December 1991	1,201	21	60	1,282
Amounts provided				
At 1 January 1991	2	-	2	4
Provided in the year	3	-	(2)	1
31 December 1991	5	-	-	5
Net book amount				
At 31 December 1991	1,196	21	60	1,277
At 31 December 1990	935	21	70	1,026

The more important investments in subsidiary and associated undertakings as at 31 December 1991 are set out in note 20.

11 STOCKS

£ million

	1991	1990
Oil	53	60
Chemicals	101	119
	—	—
	154	179
Stores	73	46
	—	—
	227	225
	==	==
Replacement cost	228	232
	==	==

NOTES ON ACCOUNTS

12 DEBTORS

£ million

	Within 1 Year	1991 After 1 Year	Within 1 Year	1990 After 1 Year
Trade	563	-	395	-
Subsidiary undertakings	4,728	1,360	4,770	1,552
Parent and fellow subsidiary undertakings	1,708	1,180	483	859
Prepayments and accrued income	317	-	305	-
Advance corporation tax recoverable	358	-	277	-
Other	6	-	300	3
	<u>7,680</u>	<u>2,540</u>	<u>6,530</u>	<u>2,414</u>
TOTAL	<u>10,220</u>		<u>8,944</u>	

13 CURRENT INVESTMENTS

£ million

	1991	1990
Listed - UK	2	2
	<u>==</u>	<u>==</u>
Stock exchange value of listed investments	2	2
	<u>==</u>	<u>==</u>

14 FINANCE DEBT

£ million

	Within 1 Year	1991 After 1 Year	Within 1 Year	1990 After 1 Year
Bank loans and overdrafts	343	18	340	38
Obligations under finance leases	20	660	17	421
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
	<u>363</u>	<u>678</u>	<u>357</u>	<u>459</u>
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

There were no bank loans and overdrafts repayable after 5 years.

The company had borrowing facilities available amounting to £1,070 million (1990 £2,332 million) none of which had been taken up at 31 December 1991.

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NOTES ON ACCOUNTS

Finance debt (continued)

Obligations under finance leases:	£ million	
	1991	1990
Minimum future lease payments		
Payable within:		
1 year	21	18
2 to 5 years	161	106
Thereafter	2,494	1,604
	<u>2,676</u>	<u>1,728</u>
Less finance charges	1,996	1,289
	<u>680</u>	<u>439</u>
Net obligations		

15 OTHER CREDITORS

	£ million			
	Within 1 Year	1991 After 1 Year	Within 1 Year	1990 After 1 Year
Trade	922	15	706	-
Subsidiary undertakings	2,872	408	3,041	395
Parent and fellow subsidiary undertakings	5,339	901	3,987	667
Taxation on profits	508	-	414	-
Accruals and deferred income	112	-	222	-
Other	12	3	128	18
	<u>9,765</u>	<u>1,327</u>	<u>8,498</u>	<u>1,080</u>

16 CALLED UP SHARE CAPITAL

	£ million	
	1991	1990
Authorised, allotted and fully paid 1,000,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

17 CONTINGENT LIABILITIES

There were contingent liabilities at 31 December 1991 in respect of guarantees and indemnities entered into as part of, and claims arising from, the ordinary course of the company's business, upon which no material losses are likely to arise.

NOTES ON ACCOUNTS

18 CAPITAL COMMITMENTS

Authorised future capital expenditure is estimated at £305 million (1990 £423 million) including approximately £236 million (1990 £109 million) for which contracts have been placed.

19 LEASE COMMITMENTS

£ million

Annual commitments under operating leases:

	1991		1990	
	Land and buildings	Other	Land and buildings	Other
Expiring within:				
1 year	1	-	-	1
2 to 5 years	2	1	1	1
Thereafter	7	-	6	-
	<u>10</u>	<u>1</u>	<u>7</u>	<u>2</u>

20 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The more important subsidiary and associated undertakings of the company at 31 December 1991 and the percentage of equity capital held (to the nearest whole number) are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name. Those held directly by the company are marked with an asterisk. 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 activities
INTERNATIONAL			
*BP Chemicals (International)	100	England & Wales	Chemicals
*BP Exploration	100	Scotland	Exploration and production
BP Exploration Operating Company	100	England & Wales	Exploration and production
*BP Nutrition	100	England & Wales	Nutrition
*BP Oil International	100	England & Wales	Integrated oil operations
EUROPE			
UK			
*BP Capital	100	England & Wales	Finance
BP Chemicals	100	England & Wales	Chemicals
*BP Oil UK	100	England & Wales	Refining and marketing
AUSTRALASIA			
AUSTRALIA			
BP Developments Australia	100	USA	Exploration and production
WESTERN HEMISPHERE			
USA			
*BP America Holdings	100	England & Wales	Holding company for BP America
BP America	100	USA	Exploration and production, refining and marketing, pipelines, chemicals and nutrition

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NOTES ON ACCOUNTS

Subsidiary and associated undertakings (continued)

Associated undertakings	%	Country of incorporation	Principal activity	Issued Share Capital
AFRICA				
The Consolidated Petroleum Company	50	England & Wales	Marketing	350,000 shares of £10
JAPAN				
County NatWest Securities Japan (Holdings)	25	England & Wales	Finance	145 million shares of Yen 100
UK				
BP Bitor	50	England & Wales	Marketing	1 million shares of £5 (£4 paid)

The investments in subsidiary and related companies are unlisted.

21 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 The British Petroleum Company p.l.c., a company registered in England and Wales. Copies of the accounts of The British Petroleum Company p.l.c. may be obtained from Britannic House, 1 Finsbury Circus, London EC2M 7BA.