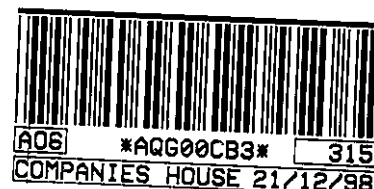


**BP CHEMICALS (KOREA) LIMITED**

(Registered No. 2316280)



**ANNUAL REPORT AND ACCOUNTS 1997**

Board of Directors: D A S Meighan  
G R Hunt

**REPORT OF THE DIRECTORS**

The directors present their report and accounts for the year ended 31 December 1997.

**Principal Activity**

The company acts as an intermediate holding company, holding certain investments in Korean chemical companies.

The operations of the company may be adversely affected by the slowdown in economic activity in South East Asia. For further information see Note 9 to the Accounts.

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

**Results and dividends**

The profit for the year after taxation was £1,880,000 (1996 £Nil). The directors do not propose a payment of a dividend.

**Directors**

Mr C W Chambers and Mr G R Hunt served as directors throughout the financial year. Mr C W Chambers resigned as a director of the company on 30 April 1998. Mr. D A S. Meighan was appointed as a director of the company on that date.

**Directors' interests**

The interests of the directors holding office at 31 December 1997, and their families, in the 25p ordinary shares of The British Petroleum Company p.l.c. were as set out below:

	<u>31 December 1997</u>	<u>1 January 1997</u>
C W Chambers	4,006	5,076
G R Hunt	19,480	12,399

In addition, rights to subscribe for 25p ordinary shares in The British Petroleum Company plc. were granted to, or exercised by, those directors between 1 January and 31 December 1997 as follows:

	<u>Granted</u>	<u>Exercised</u>
C W Chambers	Nil	Nil
G R Hunt	2,387	7,281

No director had any interest in the shares or debentures of subsidiary undertakings of The British Petroleum Company p.l.c. at 31 December 1997.

**BP CHEMICALS (KOREA) LIMITED**

**REPORT OF THE DIRECTORS**

**Policy and practice with respect to payment of 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.

**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

*H. J. Stanley*

Assistant Secretary

Registered Office  
Breakspear Park  
Breakspear Way  
Hemel Hempstead  
Herts HP2 4UL

7/12/1998

## **BP CHEMICALS (KOREA) 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 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 (KOREA) LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**BP CHEMICALS (KOREA) LIMITED**

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

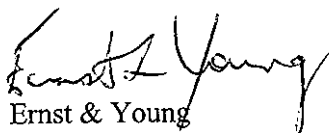
**Basis of opinion**

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 the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young  
Registered Auditor  
London

7/12/1998



## **BP CHEMICALS (KOREA) LIMITED**

### **ACCOUNTING POLICIES**

#### **Accounting convention**

The accounts have been 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 (Revised), a cash flow statement is not presented in these accounts.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange differences on the carrying amount of the related investments.

#### **Deferred taxation**

Deferred taxation is calculated using the liability method, in respect of timing differences arising primarily from the different accounting and tax treatment of depreciation. Provision is made or recovery anticipated where timing differences are expected to reverse in the foreseeable future.

#### **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, The British Petroleum Company p.l.c., a company registered in England and Wales.

**BP CHEMICALS (KOREA) LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997**

	<u>Note</u>	<u>1997</u> £000	<u>1996</u> £000
Dividend Income - related company		1,979	-
Other operating income		-	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	1	1,979	-
Taxation	2	(99)	-
		<hr/>	<hr/>
Profit for the year		1,880	-
		<hr/>	<hr/>

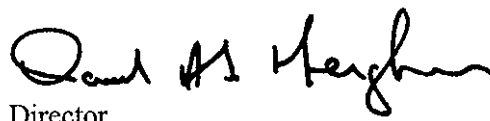
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>1997</u> £000	<u>1996</u> £000
Profit for the financial year	1,880	-
Gain /(loss) on translation of investment	525	(2,335)
Gain /(loss) on translation of foreign currency borrowings	(525)	2,335
	<hr/>	<hr/>
Total recognised gains and losses for the year	1,880	-
	<hr/>	<hr/>

**BP CHEMICALS (KOREA) LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1997**

	<u>Note</u>	<u>1997</u> £000	<u>1996</u> £000
<b>Fixed assets</b>			
Investments	4	45,440	43,828
<b>Current assets</b>			
Debtors			
Parent and fellow subsidiary undertakings		29,415	29,415
		<hr/> 74,855	<hr/> 73,243
<b>Creditors - amounts falling due within one year</b>			
Parent and fellow subsidiary undertakings		(27,675)	(27,943)
<b>SHAREHOLDERS' INTEREST</b>		<hr/> 47,180	<hr/> 45,300
		<hr/> <hr/>	<hr/> <hr/>
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called-up share capital	5	45,300	45,300
Reserves	6	1,880	-
<b>SHAREHOLDERS' FUNDS - EQUITY INTEREST</b>		<hr/> 47,180	<hr/> 45,300
		<hr/> <hr/>	<hr/> <hr/>

  
Director

7 /12/ 1998

## **BP CHEMICALS (KOREA) LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. Auditors' remuneration**

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

#### **2. Taxation**

	1997 £'000	1996 £'000
UK corporation tax at 31.5% (1996 33%)	890	-
Overseas taxation relief	(890)	-
	<u>Nil</u>	<u>-</u>
Overseas tax		
Current year	<u>99</u>	<u>-</u>

The company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act 1988. Corporation tax has been provided at 31.5% (1996 33%) on the taxable profits for the year and is fully covered by double tax 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 in the overseas tax charge.

Provision for deferred taxation is not required.

#### **3. Directors and employees**

None of the directors received any fees or remuneration for services as a director of the company during the financial year (1996 £Nil). The company has no other employees.



# **BP CHEMICALS (KOREA) LIMITED**

## **NOTES TO THE ACCOUNTS**

### **4. Fixed assets - investments**

	<u>Subsidiary</u> <u>undertakings</u> <u>shares</u> <u>£'000</u>	<u>Associated</u> <u>undertakings</u> <u>shares</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
<b>Cost</b>			
At 1 January 1997	38,144	5,684	43,828
Additions	-	1,087	1,087
Exchange Adjustment	403	122	525
	<hr/>	<hr/>	<hr/>
At 31 December 1997	38,547	6,893	45,440
	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>			
At 31 December 1997	38,546	6,893	45,440
	<hr/>	<hr/>	<hr/>
At 31 December 1996	38,144	5,684	43,828
	<hr/>	<hr/>	<hr/>

In the opinion of the directors, the value of shares and loans in the company's associated and subsidiary undertakings is not less than the amounts at which they are shown in the balance sheet.

The subsidiary and associated undertakings of the company at 31 December 1997 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.

	<u>%</u>	<u>Country of</u> <u>incorporation</u>	<u>Principal</u> <u>activity</u>	<u>Issued</u> <u>Share</u> <u>Capital</u> <u>£'000</u>
<u>Subsidiary undertaking</u>				
Samsung-BP Chemicals Co Ltd	51	Republic of South Korea	Chemicals	58,285
<u>Associated undertakings</u>				
International Ester Co Ltd	45	Republic of South Korea	Chemicals	2,896
Asian Acetyls Co Ltd	34	Republic of South Korea	Chemicals	10,757

### **5. Called up share capital**

	<u>1997</u> <u>£000</u>	<u>1996</u> <u>£000</u>
Authorised, allotted and fully paid 45,300,000 ordinary shares of £1 each	45,300	45,300
	<hr/>	<hr/>

## **BP CHEMICALS (KOREA) LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **6. Reconciliation of shareholders' funds and movements on reserves**

	<u>Equity</u> <u>Share</u> <u>Capital</u> £000	<u>Profit</u> <u>&amp; Loss</u> <u>Account</u> £000	<u>Total</u> £000
At 1 January 1996	45,300	-	45,300
Result for the year	-	-	-
Loss on translation of investment	-	(2,335)	(2,335)
Gain on translation of foreign currency borrowing	-	2,335	2,335
At 1 January 1997	45,300	-	45,300
Profit for the year	-	1,880	1,880
Gain on translation of investment	-	525	525
Loss on translation of foreign currency borrowing	-	(525)	(525)
At 31 December 1997	45,300	1,880	47,180

#### **7. Contingent liability**

There were contingent liabilities at 31 December 1997 in respect of guarantees and indemnities against a loan agreement to the extent of £835,000 (1996 - £4.9 million). No material losses are likely to arise, and none was utilised at 31 December 1997.

#### **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. Subsequent event**

Many Asia Pacific countries, including the Republic of Korea, are experiencing severe economic difficulties including currency devaluations, currency volatility, liquidity restraints and a significant slowdown in economic growth. The operations of the company may be adversely affected in the foreseeable future by the slowdown in business activity.

The operations of certain subsidiary and associated undertakings in Korea may be adversely affected by the slowdown in business activity in the region. At 31 December 1997 the net book amount of the company's investments in associated and subsidiary undertakings was £31.7 million. In the opinion of the directors, the value of the shares in the company's associated and subsidiary undertakings is not less than the amounts at which they are shown in the balance sheet.

**BP CHEMICALS (KOREA) LIMITED**

**NOTES TO THE ACCOUNTS**

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

*gm*