



**ARCO British  
International, Inc.**

**Financial Statements**

**for the**

**Year ended 31 December 1999**

FCO17837





## **ARCO British International, Inc.**

### **DIRECTORS' REPORT**

The Directors present their report and financial statements for the year ended 31 December 1999. ARCO British International, Inc. (ARCO or the Company) is incorporated with limited liability in the State of Delaware, USA and is a wholly owned subsidiary of the Atlantic Richfield Company. Atlantic Richfield Company became a wholly owned subsidiary of BP Amoco p.l.c. on 18 April 2000.

### **RESULTS AND DIVIDENDS**

The profit and loss account for the year and the financial position as at 31 December 1999 are set out on pages 6 to 13.

There were no dividends declared during the year. (1998: £nil)

### **REVIEW OF THE BUSINESS**

*The Company's business is as a Holding Company for:*

- companies which explore for, exploit and produce hydrocarbons in the United Kingdom; and
- a company which provides Technical and Administrative services to other affiliates operating in the Europe, North Africa Region.

During the year, the company acquired all the shares in Union Texas Petroleum through the issue of a perpetual, non-interest bearing loan note to a group company. The company later sold this investment to its subsidiary, ARCO British Limited. No gain or loss resulted.

### **FUTURE DEVELOPMENTS**

The Company will continue as a Holding Company for companies with exploration and development activities in the United Kingdom and on the United Kingdom Continental Shelf and for a company which provides Technical and Administrative services to other affiliates operating in the Europe, North Africa Region.

### **DIRECTORS**

The directors who held office during the year are shown below:

D. McManus	(Resigned 10/07/2000)
S.L. Hayes	(Resigned 10/07/2000)
T.L. Phillips	(Resigned 27/08/1999)
A.J. Walker	
R. P. Coe	(Resigned 10/07/2000)
G. S. Davis	(Resigned 10/07/2000)
J.C. Skipper	(Appointed 10/07/2000)
J.H. Bartlett	(Appointed 10/07/2000)

S. Marshall (Appointed 10/07/2000)  
S.D. Urban (Appointed 10/07/2000)

No director had at any time during the year an interest in the shares of the company or in any contract relating to the company's business.

### **DIRECTORS' RESPONSIBILITY**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999.

The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis. The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

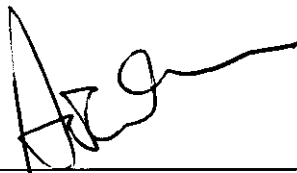
### **POST BALANCE SHEET EVENTS**

On 30 April 2000 the company disposed of its interest in Union Texas Transportation Limited, a wholly owned subsidiary. Sales proceeds amounted to £4,496,000. The sale realised a loss of £104,000.

### **YEAR 2000**

The company has not experienced and does not expect to experience year 2000 computer issues having a significant impact on its activities. Any costs associated with this issue have been incurred by a fellow group company.

*Signed on behalf on the Board*



Director: A J Walker

Date: 11/9/00.

## **ARCO British International, Inc.**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF ARCO BRITISH INTERNATIONAL, INC.**

We have audited the financial statements on pages 6 to 13.

#### **Respective responsibilities of directors and auditors.**

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act applicable to overseas companies. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

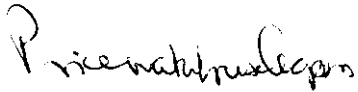
#### **Basis of Audit Opinion**

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements 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 financial statements 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 financial statements.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985, applicable to overseas companies.



**PricewaterhouseCoopers**

*Chartered Accountants and Registered Auditors*

*1 Embankment Place*

*London WC2N 6NN*

*Date: 11 September 2000*

## ARCO British International, Inc.

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	<i>Note</i>	<b>1999 £000</b>	<b>1998 £000</b>
Administrative expenses		(160)	(12)
<b>OPERATING LOSS</b>		<b>(160)</b>	<b>(12)</b>
Interest income		3	6
Loss on foreign exchange		(5)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2</b>	<b>(162)</b>	<b>(6)</b>
Tax on loss on ordinary activities	<b>4</b>	-	22
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(162)</b>	<b>16</b>

### STATEMENT OF RETAINED EARNINGS

Retained (loss)/profit for the year	(162)	16
Retained profit brought forward	101,529	101,513
<b>RETAINED PROFIT CARRIED FORWARD</b>	<b>101,367</b>	<b>101,529</b>

- The Company has no recognised gains and losses other than those included in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been presented.
- There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.
- All of the above results are from continuing operations. There were no discontinued operations during the year and, therefore, no separate disclosure is required.

# ARCO British International, Inc.

## BALANCE SHEET AT 31 DECEMBER 1999

	Note	1999 £000	1998 £000
Fixed Assets			
<i>Investments</i>	5	497,511	492,911
Current Assets			
<i>Debtors: amounts falling due within one year</i>	6	1,193	1,204
<i>Debtors: amounts falling due after more than one year</i>	6	163,800	-
<i>Cash at bank and in hand</i>		56	62
Creditors: amounts falling due within one year	7	(320)	(175)
<b>Net Current Assets</b>		<b>164,729</b>	<b>1,091</b>
<b>Total Assets less Current Liabilities</b>		<b>662,240</b>	<b>494,002</b>
Creditors: amounts falling due after more than one year	8	(435,814)	(267,414)
<b>NET ASSETS</b>		<b>226,426</b>	<b>226,588</b>
<b>Capital and Reserves</b>			
Called up share capital	9	121,007	121,007
Additional paid in capital		4,052	4,052
Profit and loss account		101,367	101,529
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>226,426</b>	<b>226,588</b>

*Approved on behalf of the Board of Directors*

Director: A Walker

Date: 11/9/00

The notes on pages 8 to 13 form part of these financial statements.

# **ARCO British International, Inc.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AT 31 DECEMBER 1999**

### **1. ACCOUNTING POLICIES**

#### ***Basis of Preparation of the Financial Statements***

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

The Company has taken advantage of exemptions available under The Oversea Companies (Accounts) (Modifications and Exemptions) Order 1990.

The financial statements are prepared in accordance with the historical cost convention.

#### **Cash Flow**

In accordance with FRS 1 (Revised) the company has not prepared a statement of cash flows for the current year as it is a wholly owned subsidiary of the Atlantic Richfield Company, which publishes consolidated financial statements which include a consolidated cash flow statement.

#### ***Deferred Taxation***

Deferred corporation tax is provided for using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

#### ***Basis of Foreign Currency Transition***

Foreign currency assets and liabilities are translated into sterling at year end exchange rates. Revenue and expense items are translated at monthly rates of exchange prevailing during the year. All foreign exchange differences are taken to the profit and loss account in the year they arise.

### **2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Auditors' remuneration	4	4



## ARCO British International, Inc.

### NOTES TO THE FINANCIAL STATEMENTS *continued* AT 31 DECEMBER 1999

#### 3. **EMPLOYEE INFORMATION**

The Company has no employees.

The aggregate directors' emoluments were as follows:

	1999 £000	1998 £000
Other emoluments	7	7

#### 4. **TAXATION**

	1999 £000	1998 £000
UK Corporation tax at 30.25% (1998:31%)	-	22

#### 5. **INVESTMENTS**

	1999 £000	1998 £000
<b>At 1 January 1999</b>	492,911	492,911
Acquired during the year	173,000	-
Disposals during the year	(168,400)	-
<b>At 31 December 1999</b>	497,511	492,911

On 18 January 1999 the company acquired from a group undertaking, ARCO International Investments Inc., all 5,000 ordinary shares of Union Texas Petroleum for £168,400,000. This was satisfied through the issue of a perpetual, non-interest bearing loan.

On 20 January 1999 the company sold the above shares to its subsidiary ARCO British Limited for £168,400,000. This was satisfied through the issue of a perpetual, non-interest bearing loan.

On 28 January 1999 the company acquired from its subsidiary ARCO British Limited all of the issued share capital of Union Texas Transportation Limited for a consideration of £4,600,000. This offsets against the amount due above under the loan agreement dated 20 January 1999.

# ARCO British International, Inc.

## NOTES TO THE FINANCIAL STATEMENTS *continued* AT 31 DECEMBER 1999

The following were subsidiary undertakings at the year end:

Name	Country of Incorporation or Registration	Principal Activity
ARCO British Limited	U.S.A.	Hydrocarbon exploration and production
Atlantic Richfield Oil & Gas (St. James) Limited	England and Wales/ U.S.A.	Hydrocarbon exploration and production
Union Texas Transportation Limited	England and Wales	Pipeline Development & maintenance
ARCO Crude Trading Inc.	U.S.A.	Dormant

All subsidiaries are 100% owned.

### 6. DEBTORS

	1999 £000	1998 £000
Amounts Due from Parent Company and Fellow Subsidiaries	164,993	1,193
Prepayments and accrued income	-	11
	<hr/>	<hr/>
	164,993	1,204
	<hr/>	<hr/>
Amounts falling due after more than one year included above :		
Amounts Due from Parent Company and Fellow Subsidiaries	163,800	-
	<hr/>	<hr/>

## **ARCO British International, Inc.**

### **NOTES TO THE FINANCIAL STATEMENTS *continued*** **AT 31 DECEMBER 1999**

#### **7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1999 £000</b>	<b>1998 £000</b>
Corporation tax	-	-
Amounts owed to parent company and subsidiaries	320	175
	<hr/> 320	<hr/> 175

#### **8. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>1999 £000</b>	<b>1998 £000</b>
Amounts owed to parent company	435,814	267,414
	<hr/> 435,814	<hr/> 267,414

The intercompany loans are all interest free and are repayable by the Company.

#### **9. SHARE CAPITAL**

##### **AUTHORISED:**

100,000 Shares of Common Stock of \$10,000 each

##### **ALLOTTED, CALLED UP AND FULLY PAID:**

	<b>1999 £000</b>	<b>1998 £000</b>
18,029.758 Shares of Common Stock of \$10,000 each	121,007	121,007
	<hr/> 121,007	<hr/> 121,007

## ARCO British International, Inc.

### NOTES TO THE FINANCIAL STATEMENTS *continued* AT 31 DECEMBER 1999

#### 10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999 £000	1998 £000
(Loss)/Profit for the Financial Year	(162)	16
Opening Shareholders' Funds	226,588	226,572
	<hr/>	<hr/>
Closing Shareholders' Funds	226,426	226,588
	<hr/>	<hr/>

#### 11. CAPITAL COMMITMENTS

At 31 December 1999, the Company had no capital commitments (1998: £nil).

#### 12. RELATED PARTY TRANSACTIONS

In accordance with FRS 8, Related Party Disclosures, the Company is exempt from disclosing transactions with entities that are part of the group, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

#### 13. POST BALANCE SHEETS EVENTS

On 30 April 2000 the company disposed of its interest in Union Texas Transportation Limited, a wholly owned subsidiary. Sales proceeds received amounted to £4,496,000. The sale realised a loss of £104,000.

## **ARCO British International, Inc.**

### **NOTES TO THE FINANCIAL STATEMENTS** *continued* **AT 31 DECEMBER 1999**

#### **14. ULTIMATE HOLDING COMPANY**

ARCO British International Inc. is incorporated with limited liability in the state of Delaware, USA. The Company is an indirect wholly owned subsidiary of Atlantic Richfield Company, incorporated in the USA. Copies of the parents' consolidated financial statements may be obtained from 515 South Flower Street, Los Angeles, California 90071-2256.

On 18 April 2000 Atlantic Richfield Company became a wholly owned subsidiary of 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.