

## **BP INTERNATIONAL LIMITED**

Registered No.: 542515

### **ANNUAL REPORT AND ACCOUNTS 2002**

Board of Directors:-

Lord Browne of Madingley - Chairman  
D P Chapman  
B E Grote  
F W M Starkie



### **REPORT OF THE DIRECTORS**

The directors present their report and the accounts for the year ended 31 December 2002.

#### **Principal activity**

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 and associated undertakings engaged in similar activities.

#### **Results and dividends**

The profit for the year after taxation was £1,131 million (2001 restated loss of £8 million). An interim dividend of £1,250 million was paid and the balance, when added to the retained profit brought forward at 1 January 2002 of £693 million, gives a total retained profit carried forward at 31 December 2002 of £574 million. The directors do not propose payment of a final dividend.

#### **Review of activities**

Refining and marketing activities include the results of certain international business sectors with head offices in the United Kingdom. These showed an operating loss for the year of £39 million (2001 operating profit £98 million).

The Chemicals activities consist of interests in various petrochemical and specialist derivative businesses. Chemicals operating loss of £29 million was £134 million lower than in 2001.

Operating profit from corporate and other activities of £1,908 million includes dividends from subsidiary and associated undertakings of £608 million.

During the year £272 million was provided against the cost of investments, including £104 million in relation to BP Finance (South East Asia) Limited and £95 million in relation to BP Finance p.l.c. A further £71 million of prior year investment provisions were written back in the year.

In addition £83 million was provided against BP group debtor balances with a further £14 million prior year group debtor balance provisions written back.

#### **Post Balance Sheet Events**

On 25 March 2003 BP announced the South East Business Consolidation process whereby the major business centre for the South East will be Sunbury. The process of consolidation will take until the end of 2005 to complete and will impact current offices in London, Milton Keynes and Hemel Hempstead. Property provisions of approximately £150 million are likely to arise.

On 25 April 2003 BP sold their 75% interest in PT Petrokimia Nusantara Interindo (PT PENI), the polyethylene joint venture in Indonesia, for £31 million (\$50 million).

On 10 October 2003 PT Bumi Resources purchased BP International Limited's and Rio Tinto's interests in PT Kaltim Prima Coal (KPC) for approximately £312 million (\$500 million) in cash and assumed debt. BP held a 50% interest in KPC.

**BP INTERNATIONAL LIMITED**  
**REPORT OF THE DIRECTORS**

**Directors**

The present directors are listed on page 1. Lord Browne of Madingley and Mr F W M Starkie served as directors throughout the financial year. Changes since 1 January 2002 are as follows:

	Appointed	Resigned
J G S Buchanan		21 November 2002
D P Chapman	1 November 2002	
B E Grote	21 November 2002	
A B Hayward		1 November 2002

**Directors' interests**

The interests of the directors holding office at 31 December 2002, 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:

	31 December 2002	1 January 2002 (or date of appointment)
D P Chapman	148,293	147,772
F W M Starkie	125,029	101,848

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 2002 (or date of appointment) and 31 December 2002 as follows:-

	Granted	Exercised
D P Chapman	Nil	Nil
F W M Starkie	62,661	5,968

None of the above had any interest in shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2002.

Pursuant to Section 310 of the Companies Act 1985, for the year ended 31 December 2002, 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.

**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.

The number of days' purchases represented by trade creditors at the year end was 31.

**BP INTERNATIONAL LIMITED**

**REPORT OF THE DIRECTORS**

**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 of the Companies Act 1985.

By order of the Board



Secretary

28 October 2003

Registered Office  
Britannic House  
1 Finsbury Circus  
London  
EC2M 7BA

## **BP INTERNATIONAL 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 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 INTERNATIONAL LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF BP INTERNATIONAL LIMITED**

We have audited the accounts for the year ended 31 December 2002 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Accounting Policies and the related notes 1 to 27. 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 accounts, 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.

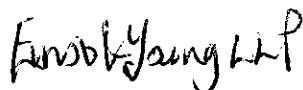
#### **Basis of audit opinion**

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 2002 and of the profit 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.

Date: 28 October 2003



## **BP INTERNATIONAL LIMITED**

### **ACCOUNTING POLICIES**

#### **Accounting convention**

The accounts are prepared under the historical cost convention. Accounts prepared on this basis show the profits available to shareholders and are the most appropriate basis for presentation of the company's balance sheet. 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.

#### **Accounting standards**

These accounts are prepared in accordance with applicable UK accounting standards. In preparing the financial statements for the current year, the company has adopted Financial Reporting Standard No. 19 'Deferred Tax' (FRS 19). The adoption of FRS 19 has resulted in a change of accounting policy for deferred tax. See Note 25 Prior year adjustments for further information.

#### **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.

#### **Foreign currencies**

Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange, with the exception of fixed assets which are translated at the rate of exchange ruling at the date of acquisition. Income statements 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.

#### **Derivative financial instruments**

The company is a party to derivative financial instruments primarily to manage exposures to fluctuations in foreign currency exchange rates and interest rates, and to manage some of its margin exposure from changes in oil prices.

All derivatives which are held for trading purposes and all oil price derivatives held for risk management purposes are marked to market and all gains and losses recognised in the income statement.

Interest rate swap agreements, swaptions and futures contracts are used to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest expense over the period of the contracts.

As part of exchange rate risk management, foreign currency swap agreements and forward contracts are used to convert non-US dollar borrowings into US dollars. Gains and losses on those derivatives are deferred and recognised on maturity of the underlying debt, together with the matching loss or gain on the debt. Foreign currency forward contracts and options are used to hedge significant non-US dollar firm commitments or anticipated transactions. Gains and losses on these contracts and option premia paid are also deferred and recognised in the income statement or as adjustments to carrying amounts, as appropriate, when the hedged transaction occurs.

## **BP INTERNATIONAL LIMITED**

### **ACCOUNTING POLICIES**

#### **Stock valuation**

Stocks are valued at cost to the company, 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**

Tangible and intangible fixed assets, other than freehold land, are depreciated on the straight line method over their estimated useful lives. The group 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.

#### **Environmental liabilities**

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The amount recognised is the present value of the estimated future expenditure.

#### **Pensions**

Actuarial surpluses and deficiencies of the BP Pension Fund relating to employees of certain fellow UK subsidiaries are dealt with in the accounts of the company having regard to the overall position of the Fund. In previous years the difference between total pension costs and contributions in respect of those UK subsidiaries is included within pension provisions or debtors as appropriate.

#### **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.

#### **Goodwill**

Goodwill is the excess of purchase consideration over the fair value of net assets acquired. It is capitalised and amortised over its estimated useful economic life, limited to a maximum period of twenty years.

#### **Interest**

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

## **BP INTERNATIONAL LIMITED**

### **ACCOUNTING POLICIES**

#### **Research**

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

#### **Deferred tax**

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.

#### **Revenue recognition**

Revenues associated with the sale of oil, natural gas liquids, liquefied natural gas, petroleum and chemical products and all other items are recognised when the title passes to the customer.



**BP INTERNATIONAL LIMITED**

**INCOME STATEMENT**  
For the year ended 31 December 2002

			£ million
	Note	2002	2001 restated
<b>Turnover</b>	1	<b>22,357</b>	23,933
Cost of sales		<b>20,949</b>	23,641
<b>Gross profit</b>		<b>1,408</b>	292
Distribution and administration expenses		<b>748</b>	1,225
		<b>660</b>	(933)
Other income	2	<b>1,174</b>	2,066
<b>Operating profit</b>	5	<b>1,834</b>	1,133
(Loss) on disposal of fixed assets	3	<b>(49)</b>	(46)
<b>Profit before interest and tax</b>		<b>1,785</b>	1,087
Interest expense	4	<b>563</b>	990
<b>Profit before taxation</b>		<b>1,222</b>	97
Taxation	9	<b>(91)</b>	(105)
<b>Profit/(Loss) for the year</b>		<b>1,131</b>	(8)
Distribution to shareholders		<b>1,250</b>	-
<b>Retained loss for the year</b>		<b>(119)</b>	(8)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
For the year ended 31 December 2002

	£ million	
	2002	2001
<b>Profit/(Loss) for the year</b>	1,131	(8)
<b>Total recognised gains and losses for the year</b>	1,131	(8)
Prior year adjustment – change in accounting policy (note 25)	(691)	
<b>Total gains and losses recognised since last annual accounts</b>	<b>440</b>	

**BP INTERNATIONAL LIMITED**

**BALANCE SHEET**  
**At 31 December 2002**

		£ million	
	Note	2002	2001 restated
<b>Fixed assets</b>			
Intangible assets	10	36	26
Tangible assets	11	1,851	1,864
Investments	12	6,497	6,292
		<hr/> 8,384	<hr/> 8,182
<b>Current assets</b>			
Stocks	13	293	277
Debtors - amounts falling due:			
Within one year	14	11,318	10,597
After more than one year	14	8,270	7,457
Cash at bank and in hand		108	100
		<hr/> 19,989	<hr/> 18,431
<b>Creditors - amounts falling due within one year</b>			
Finance debt	15	67	50
Other creditors	16	11,201	7,982
		<hr/>	<hr/>
<b>Net current assets</b>		8,721	10,399
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,105	18,581
<b>Creditors - amounts falling due after more than one year</b>			
Finance debt	15	1,098	1,835
Other creditors	16	11,429	15,341
		<hr/>	<hr/>
<b>Provision for liabilities and charges</b>			
Deferred taxation	9	777	691
Other provisions	17	59	20
		<hr/>	<hr/>
<b>SHAREHOLDERS' INTEREST</b>		3,742	694
		<hr/>	<hr/>
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	18	3,168	1
Reserves		574	693
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS - EQUITY INTERESTS</b>	19	3,742	694
		<hr/>	<hr/>

Director

28 October 2003

Director

# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 1. Turnover

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

Activity analysis	Turnover		£ million	
	2002	2001	2002	2001
Refining and Marketing	19,595	21,119	(39)	98
Chemicals	2,874	2,902	(29)	(163)
Corporate and other	37	45	1,908	1,205
Less: inter-activity sales	(149)	(133)	(6)	(7)
	<hr/>	<hr/>	<hr/>	<hr/>
	22,357	23,933	1,834	1,133

The category corporate and other includes management, financial activities and gas operations.

Corporate operating profit includes an exchange gain in respect of exchange translation on long term assets and liabilities of £901 million (2001 £85 million loss).

### 2. Other income

	£ million	
	2002	2001
Income from subsidiary and associated undertakings		
Dividends	608	1,524
Interest and miscellaneous income	10	16
	<hr/>	<hr/>
	618	1,540
Interest from parent and fellow subsidiary undertakings	504	507
Other interest and miscellaneous income	52	19
	<hr/>	<hr/>
	1,174	2,066
	<hr/>	<hr/>

# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 3. Exceptional items

Exceptional items comprise the loss on disposal of fixed assets, as follows:-

	£ million	
	2002	2001
(Loss) on disposal of fixed assets	(49)	(46)
	<u>          </u>	<u>          </u>
	(49)	(46)
	<u>          </u>	<u>          </u>

### 4. Interest and other similar charges

	£ million	
	2002	2001
Interest expense		
Parent and fellow subsidiary undertakings	547	878
Finance leases	16	44
Other	-	68
	<u>          </u>	<u>          </u>
	563	990
	<u>          </u>	<u>          </u>

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# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 5. Operating profit

This is stated after charging:

	<b>£ million</b>	
	<b>2002</b>	<b>2001</b>
Depreciation	<u>179</u>	<u>106</u>
Depreciation of capitalised leased assets included above	<u>18</u>	<u>17</u>
Hire charges under operating leases		
Plant and machinery	5	3
Land and buildings	9	11
	<u>14</u>	<u>14</u>
Expenditure on research	<u>21</u>	<u>6</u>
Exchange gain	<u>1,063</u>	<u>106</u>
Auditors' remuneration:		<b>£'000s</b>
	<b>2002</b>	<b>2001</b>
Audit fees	<u>1,241</u>	<u>1,039</u>
Fees for other services to the company and its UK subsidiary undertakings - Ernst & Young	<u>4,749</u>	<u>2,810</u>

### 6. Employees

BP International Limited does not directly employ any staff.

## **BP INTERNATIONAL LIMITED**

### **NOTES ON ACCOUNTS**

#### **7. Pensions**

The BP Group's principal UK pension plan (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 by certain fellow UK subsidiary undertakings 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 and charged or credited to income as appropriate in the accounts 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 Company has paid no contributions for the year ended 31 December 2002 (2001 - £nil). The credit to profit for the year for pensions is £nil (2001 £157 million) following the transfer of the pension prepayment to BP p.l.c. on the 31<sup>st</sup> December 2001. All future credits relating to the pension fund have appeared in the income statement of BP p.l.c.

#### **8. Directors' emoluments**

The chairman and one other director are directors of BP 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, BP p.l.c. and received no remuneration for services to this company or its subsidiary undertakings.

# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 9. Taxation

The Company is a member of a group for the purposes of relief under Section 402 of the Income & Corporation Taxes Act 1988.

In respect of the activities (other than oil extraction activities in the UK and UK Continental Shelf) of other group members, BP International Limited has undertaken to procure the claim or surrender of free group relief to the extent it is required or to otherwise indemnify and provide for any current or deferred tax that arises. Details of that provision are shown below.

#### (a) Tax on profit on ordinary activities

	2002	£ million 2001 restated
Current tax:		
UK corporation tax on income for the period	214	471
Overseas taxation relief	(214)	(471)
	<u>0</u>	<u>0</u>
Overseas taxation on income for the period	5	4
Total current tax	<u>5</u>	<u>4</u>
Deferred tax:		
Current year timing differences	233	178
Adjustment to prior year timing differences	(27)	(77)
Adjustment to estimated recoverable amount of deferred tax asset	(120)	0
Total deferred tax	<u>86</u>	<u>101</u>
Tax on profit on ordinary activities	<u>91</u>	<u>105</u>

# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### Taxation continued

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

The following table provides a reconciliation of the UK statutory rate of corporation tax to the effective tax rate on profit before taxation.

	2002	£ million 2001
Profit before taxation	1,222	97
Current tax	5	4
Effective tax rate	0%	4%
	% of profit before tax	
UK statutory corporation tax rate	30	30
Increase/(decrease) resulting from:		
UK dividends not subject to tax	(13)	(467)
Overseas withholding tax	0	4
Timing differences	(3)	(80)
Permanent differences	6	296
Use of brought forward losses	(20)	
Losses carried forward		221
Effective current tax rate	<u>0</u>	<u>4</u>

#### (c) Factors that may affect future tax charges

The group has made elections to roll over gains arising on the disposal of a number of assets by reinvesting the proceeds. In the event that these replacement assets were disposed of, additional tax would become payable. The company has not provided for the deferred tax liability of £24m arising in respect of these claims.

The group is carrying forward UK tax losses which principally relate to the group's UK trading activities. These losses could be used against future taxable profits of an appropriate nature arising in the UK. These losses give rise to a deferred tax asset of £831m which has not been recognised. Other timing differences give rise to a deferred tax asset of £11m which has also not been recognised.

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# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### Taxation continued

#### (d) Deferred tax

	2002	£ million 2001
Analysis of provision:		
Depreciation	729	636
Decommissioning and other provisions	(68)	(64)
Other timing differences	116	119
	<u>777</u>	<u>691</u>
	2002	
Analysis of movements during the year:		
At 1 January 2002	691	
Charge for the year on ordinary activities	86	
Charge for the year in the statement of total recognised gains and losses	0	
	<u>777</u>	
At 31 December 2002		

### 10. Intangible assets

	Goodwill	Other	£ million Total
Cost			
At 1 January 2002	31	32	63
Additions	-	16	16
Deletions	(1)	-	(1)
Transfers	-	-	-
At 31 December 2002	<u>30</u>	<u>48</u>	<u>78</u>
Depreciation			
At 1 January 2002	8	29	37
Charge for year	3	2	5
At 31 December 2002	<u>11</u>	<u>31</u>	<u>42</u>
Net book amount			
At 31 December 2002	<u>19</u>	<u>17</u>	<u>36</u>
At 31 December 2001	<u>23</u>	<u>3</u>	<u>26</u>
Principal rate of depreciation	20%	20%	20%

# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 11. Tangible assets - property, plant and equipment

	£ million				
	Chemicals	Oil	Corporate and other	Total	of which: Assets under construction
Cost					
At 1 January 2002	2,673	166	325	3,164	660
Additions	105	52	57	214	193
Deletions	(126)	(6)	(59)	(191)	(13)
Transfers	(9)	(16)	-	(25)	(287)
Exchange	-	-	-	-	(5)
<b>At 31 December 2002</b>	<b>2,643</b>	<b>196</b>	<b>323</b>	<b>3,162</b>	<b>548</b>
Depreciation					
At 1 January 2002	1,133	87	80	1,300	
Charge for year	143	14	17	174	
Deletions	(140)	(5)	(17)	(162)	
Transfers	(1)	-	-	(1)	
Exchange	-	-	-	-	
<b>At 31 December 2002</b>	<b>1,135</b>	<b>96</b>	<b>80</b>	<b>1,311</b>	
Net book amount					
<b>At 31 December 2002</b>	<b>1,508</b>	<b>100</b>	<b>243</b>	<b>1,851</b>	<b>548</b>
At 31 December 2001	1,540	79	245	1,864	660
Principal rates of depreciation	3-12%	10-25%	3-25%		

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	
<b>At 31 December 2002</b>	<b>649</b>	<b>293</b>	<b>356</b>	<b>7</b>	<b>7</b>	<b>-</b>	<b>1</b>
At 31 December 2001	649	275	374	7	7	-	1

# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 12. Fixed assets - investments

	£ million				
	Subsidiary undertakings Shares	Associated undertakings Shares	Loans	Other	Total
Cost					
At 1 January 2002	6,344	114	5	45	6,508
Additions	379	28	-	8	415
Deletions	-	-	-	(2)	(2)
<b>At 31 December 2002</b>	<b>6,723</b>	<b>142</b>	<b>5</b>	<b>51</b>	<b>6,921</b>
Amounts provided					
At 1 January 2002	211	5	-	-	216
Provided in the year	201	-	-	7	208
<b>At 31 December 2002</b>	<b>412</b>	<b>5</b>	<b>-</b>	<b>7</b>	<b>424</b>
Net book amount					
<b>At 31 December 2002</b>	<b>6,311</b>	<b>137</b>	<b>5</b>	<b>44</b>	<b>6,497</b>
At 31 December 2001	6,133	109	5	45	6,292

On 28 November 2002 BP International Limited invested a further \$588 million (£379 million) in BP Finance p.l.c., to ensure the subsidiary remained in the BP tax group.

In these accounts a provision of £272m has been made against the cost of investments. a provision of \$104m has been made against BP Finance (South East Asia) Limited and another of £95m for current exchange fluctuations on the historic investment in BP Finance p.l.c. Prior year provision write backs of £71 million were made including BP Oil UK Limited (£53 million).

The more important investments in subsidiary and associated undertakings as at 31 December 2002 are set out in note 26.

**BP INTERNATIONAL LIMITED**

**NOTES ON ACCOUNTS**

**13. Stocks**

	<b>£ million</b>	
	<b>2002</b>	2001
Oil	<b>109</b>	68
Chemicals	<b>158</b>	152
	<hr/>	<hr/>
	<b>267</b>	220
Stores	<b>26</b>	57
	<hr/>	<hr/>
	<b>293</b>	277
	<hr/>	<hr/>
Replacement cost	<b>300</b>	270
	<hr/>	<hr/>

**14. Debtors**

	<b>£ million</b>			
	<b>Within 1 Year</b>	<b>2002 After 1 Year</b>	<b>Within 1 Year</b>	<b>2001 After 1 Year</b>
Trade	<b>1,392</b>	<b>10</b>	1,158	-
Subsidiary undertakings	<b>3,731</b>	<b>4,854</b>	4,494	5,433
Parent and fellow subsidiary undertakings	<b>5,389</b>	<b>3,310</b>	4,382	2,008
Associated undertakings	-	-	-	-
Prepayments and accrued income	<b>522</b>	<b>65</b>	325	-
Pension prepayment	-	-	-	-
Advance corporation tax recoverable	<b>1</b>	<b>27</b>	2	-
Other	<b>283</b>	<b>4</b>	236	16
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>11,318</b>	<b>8,270</b>	10,597	7,457
	<hr/>	<hr/>	<hr/>	<hr/>

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**BP INTERNATIONAL LIMITED**

**NOTES ON ACCOUNTS**

**15. Finance debt**

	<b>£ million</b>			
	<b>Within 1 Year</b>	<b>2002 After 1 Year</b>	<b>Within 1 Year</b>	<b>2001 After 1 Year</b>
Bank loans and overdrafts	26	-	23	877
Obligations under finance leases	41	1,098	27	958
	<u>67</u>	<u>1,098</u>	<u>50</u>	<u>1,835</u>

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

The company had access to the Group's undrawn borrowing facilities available amounting to £2,244 million (2001 £2,347 million), which were covered by formal commitments.

Obligations under finance leases:	<b>£ million</b>	
	<b>2002</b>	<b>2001</b>
Minimum future lease payments		
Payable within:		
1 Year	41	27
2 to 5 years	449	383
Thereafter	2,072	1,866
	<u>2,562</u>	<u>2,276</u>
Less finance charges	1,423	1,291
	<u>1,139</u>	<u>985</u>

**16. Other creditors**

	<b>£ million</b>			
	<b>Within 1 Year</b>	<b>2002 After 1 Year</b>	<b>Within 1 Year</b>	<b>2001 After 1 Year</b>
Trade	1,296	-	1,377	-
Subsidiary undertakings	1,760	8,695	1,185	9,372
Parent and fellow subsidiary undertakings	7,127	2,723	4,620	5,964
Taxation on profits	40	-	44	-
Accruals and deferred income	795	4	526	5
Other	183	7	230	-
	<u>11,201</u>	<u>11,429</u>	<u>7,982</u>	<u>15,341</u>

# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 17. Provisions

	£ million		
	Other	Environmental	Total
At 1 January 2002	13	7	20
Charged to income	41	-	41
Utilised during the year	(2)	-	(2)
<b>At 31 December 2002</b>	<b>52</b>	<b>7</b>	<b>59</b>

The provision for environmental liabilities represents remediation costs for closed chemical sites. These costs are expected to be incurred over the next 10 years. The provisions have been estimated using existing technology.

### 18. Called up share capital

	£ million	
	2002	2001
Authorised, share capital:		
14,000,000,000 ordinary shares of £1 each	<b>14,000</b>	3,001
Allotted, called up and fully paid:		
3,167,561,114 ordinary shares of £1 each	<b>3,168</b>	1

In December 2002, the authorised share capital of the company was increased to £14,000,000,000 and 3,166,561,114 ordinary shares of £1 each, were issued fully paid at par to BP Corporate Holdings Limited, the parent company of BP International Limited.

### 19. Reconciliation of movements in shareholders' interest

	£ million		
	Share capital	Profit & loss account	Total
At 1 January 2001	1	1,254	1,255
Prior year adjustment	-	(553)	(553)
Restated	1	701	702
Loss for the year	-	(8)	(8)
Distribution to shareholders	-	-	-
At 1 January 2002	1	693	694
Profit for the year	-	1,131	1,131
Distribution to shareholders	-	(1,250)	(1,250)
Shares Issued	3,167	-	3,167
<b>At 31 December 2002</b>	<b>3,168</b>	<b>574</b>	<b>3,742</b>

# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 20. Contingent liabilities

There were contingent liabilities at 31 December 2002 in respect of guarantees and indemnities entered into as part of, and claims arising from, the ordinary course of the company's business, including borrowing by its subsidiary undertakings, upon which no material losses are likely to arise.

### 21. Capital commitments

Authorised future capital expenditure for which contracts have been placed at 31 December 2002 amounted to £197 million (2001 £162 million).

### 22. Post balance sheet events

On 25 March 2003 BP announced the South East Business Consolidation process whereby the major business centre for the South East will be Sunbury. The process of consolidation will take until the end of 2005 to complete and will impact current offices in London, Milton Keynes and Hemel Hempstead. Property provisions of approximately £150 million are likely to arise.

On 25 April 2003 BP sold their 75% interest in PT Petrokimia Nusantara Interindo (PT PENI), the polyethylene joint venture in Indonesia, for £31 million (\$50 million).

On 10 October 2003 PT Bumi Resources purchased BP International Limited's and Rio Tinto's interests in PT Kaltim Prima Coal (KPC) for approximately £312 million (\$500 million) in cash and assumed debt. BP held a 50% interest in KPC.

### 23. Related party transactions

As the company is a wholly owned subsidiary of BP p.l.c., in accordance with the provisions of FRS 8, the company is not required to disclose transactions with group companies and associated undertakings.

### 24. Lease commitments

				£ million
Annual commitments under operating leases:				
	2002 Other	2002 Land and Buildings	2001 Other	2001 Land and Buildings
Expiring within:				
1 year	-	-	-	-
2 to 5 years	2	1	2	3
Thereafter	2	8	-	8
	<hr/>	<hr/>	<hr/>	<hr/>
	4	9	2	11

## BP INTERNATIONAL LIMITED

### NOTES ON ACCOUNTS

#### 25. Prior year adjustments

With effect from 1 January 2002, Financial Reporting Standard No.19 'Deferred Tax' (FRS 19) has been adopted. This standard generally requires that deferred tax should be provided on a full liability basis rather than on a restricted liability basis as required by Statement of Standard Accounting Practice No. 15 'Accounting for Deferred Tax'. The adoption of FRS 19 has been treated as a change in accounting policy.

The change in accounting policy has resulted in a prior year adjustment. Shareholders' funds at 1 January 2001 have been reduced by £553 million and the tax charge for the year ended 31 December 2001 increased by £138 million. The provision for deferred tax has been increased by £691 million at 31 December 2001. Profit for the current year has been reduced by approximately £86 million as a result of the change in accounting policy.

#### 26. Subsidiary and associated undertakings

The more important subsidiary and associated undertakings of the company at 31 December 2002 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 has been attached to the parent company's annual return made to the Registrar of Companies.

Subsidiary undertakings	%	Country of incorporation	Principal Activities
<b>INTERNATIONAL</b>			
*BP Chemicals Investments Ltd	100	England & Wales	Chemicals
*BP Exploration Company Ltd	100	Scotland	Exploration and production
BP Exploration Operating Company Ltd	80	England & Wales	Exploration and production
*BP Oil International Ltd	100	England & Wales	Integrated oil operations
<b>EUROPE</b>			
<b>UK</b>			
*BP Capital Markets p.l.c.	100	England & Wales	Finance
BP Finance p.l.c.	100	England & Wales	Finance
BP Chemicals Ltd	100	England & Wales	Chemicals
*BP Oil UK Ltd	100	England & Wales	Refining and marketing
<b>PORTUGAL</b>			
*BP Portuguesa SA	100	Portugal	Marketing
<b>FAR EAST</b>			
*BP Asia Pacific Holdings Ltd	100	England & Wales	Holding company



# BP INTERNATIONAL LIMITED

## NOTES ON ACCOUNTS

### 26. Subsidiary and associated undertakings continued

Associated undertakings	%	Country of incorporation	Principal Activity	Issued Share Capital
<b>AFRICA</b>				
The Consolidated Petroleum Company Ltd	50	England & Wales	Marketing	350,000 shares of £10 each
<b>FAR EAST</b>				
PT Kaltim Prima Coal	50	Indonesia	Coalmining and Marketing	300,000 shares of US\$100 each

### 27. 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.