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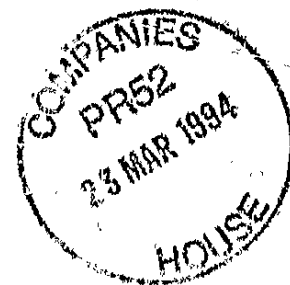
THE BRITISH PETROLEUM COMPANY p.l.c.

ANNUAL REPORT AND ACCOUNTS 1993

Presenter:

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The British Petroleum Company p.l.c. is one of the world's largest petroleum and petrochemical groups. BP has three core businesses:

BP Exploration – oil and gas exploration and production.

BP Oil – refining, marketing, supply and transportation.

BP Chemicals – manufacturing and marketing petrochemicals and related products.

BP has well-established operations in Europe, the USA, Australasia and parts of Africa, and is expanding its presence in other regions, notably S.E. Asia, South America and the former Communist bloc.

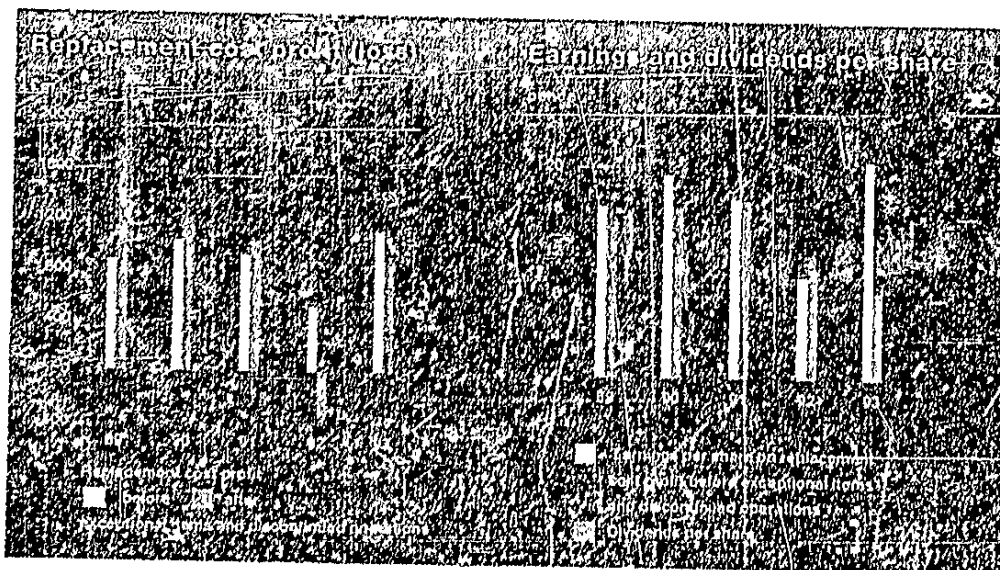
BP shares are quoted on stock exchanges in the UK, the USA, Canada, Japan, France, Germany, the Netherlands and Switzerland.

Cover | The Wytch Farm oil field, Dorset, England. In exploration and field development projects worldwide, we are using computer technology to help us drill, design and manage more effectively than ever before.

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Financial Highlights

		1993	1992
Replacement cost operating profit	£m	2,501	1,884
Historical cost operating profit before exceptional items	£m	1,125	516
Exceptional items			
Operating profit	£m	896	(352)
Operating profit after exceptional items	£m	615	(458)
Earnings per ordinary share			
Replacement cost operating profit before exceptional items	pence	20.7	9.9
Historical cost operating profit after exceptional items	pence	11.3	(8.5)
Dividends per ordinary share	pence	8.4	10.5
Capital expenditure and acquisitions	£m	2,902	3,442
Divestment proceeds	£m	2,052	1,058



- ◆ Replacement cost profit before exceptional items more than double 1992's result, despite average crude oil prices that were about \$2 a barrel lower.
- ◆ Significant performance improvements through productivity gains and cost reductions in every business.
- ◆ Strong cash generation from continuing operations, excellent progress on non-core assets disposals and more efficient capital expenditure, allowed a debt repayment of \$2.9 billion.
- ◆ Fourth quarterly dividend of 2.1 pence per share, giving a total for the year of 8.4 pence per share.

"In 1993, BP made excellent progress in profitability, particularly in the second half of the year."

Dear Shareholder,

Twelve months ago, I said I should be disappointed if by the year-end, we had not met our targets and were not looking at an improved set of results. I am therefore delighted that we are indeed now looking at much better figures.

In 1993, BP made excellent progress in profitability, particularly in the second half of the year. Cash flow is now healthier, debt is significantly lower and capital spending has been reduced without impairing either the viability of BP's existing assets or its growth potential.

All this is helping to restore BP's good reputation, and the rise in our share price is only one measure of the progress we have made.

Productivity and people

A notable feature of 1993's achievements is that they took place against a backdrop of declining oil prices and a generally weak market. We knew the company couldn't count on any assistance from the external environment, so our plan has been one of self-help - raising productivity, cutting costs and using technology even more effectively.

I think it is clear that the company has performed. And it is BP people who, through their skills, experience and hard work, are making that performance happen. On top of this, BP's extensive support for the community is in many cases channelled through the voluntary work of its employees, and I should

like to thank them all for their efforts.

On the other hand, sadly, we had to shed a considerable number of jobs in 1993. We do, however, try hard to ensure those leaving BP are treated sympathetically and fairly.

Corporate governance

One of my responsibilities as chairman is to ensure the proper governance of the company. In this, the work of the non-executive directors is obviously important and you will find a full discussion of BP's compliance with the recommendations of the Cadbury Report on page 4.

Peter Sutherland left the board in July after three years' service to become director-general of the GATT. We miss very much his wise advice and broad experience. The successful completion of the GATT's Uruguay Round, in which he played a leading part, is a watershed in world trade and free competition, and is greatly welcomed by your company.

Partnerships

In the exploration sector, the industry has a long history of joint endeavour when developing oil and gas fields. Such is the magnitude of the projects involved, that sharing the risks and costs often makes very good sense. In refining and chemicals, too, the concept of joint ventures is well established.

Today, however, BP is working in even closer partnership with other companies. In Colombia, for example, we have a particularly

relationship with Ecopetrol. Or again, strategic alliance with Norway's Statoil is another example of the new approach. In countries such as S.E. Asia, West Africa and the former Soviet Union, teams of people drawn from both BP and Statoil are at work, supported by a joint research effort; and the alliance is also now successfully selling gas directly to consumers in the UK.

In S.E. Asia, as in other regions, BP Oil and BP Chemicals are making inroads into new and growing markets by investing in joint manufacturing and marketing ventures with local partners. BP brings international marketing skills and technological expertise; our partners contribute keenly priced local feedstocks and a vital local insight that we could never hope to match.

We are also pioneering fruitful new relationships with suppliers. By giving them a financial stake in the success of a project, we find that both parties have an incentive to look for ways of cutting costs and of working together more productively.

In all this, our aim is to add value by creating a whole that is greater than the sum of its parts.

Looking to the future...

Even though much has been accomplished in the past 12 months, we cannot afford to be complacent.

The main current concern, not just for BP

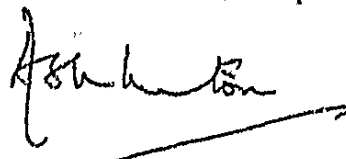
but for the industry as a whole, must be the possible continuance of low crude oil prices, which in the fourth quarter were at a 20-year low in real terms. If low prices persist, we shall have to work still harder to secure an acceptable return on our assets and to fund the investments needed to produce the oil and gas the world will surely require in the years ahead.

I am, nonetheless, optimistic about your company's prospects. BP's management has shown it can deliver. I believe the company's reputation stands higher. And now that some of the world's major economies show signs of coming out of recession, the scope for higher volumes is there. But, as before, the main key to success - securing a proper profit margin - lies largely in the hands of our own people.

Dividend

For the fourth quarter, we have announced a dividend of 2.1 pence a share, making a total of 8.4 pence for the year.

Naturally, our ambition is to raise the dividend, but we must first have satisfied ourselves that it is warranted by sustainably higher profits and cash flows. I can assure you we are all well aware of the need to move forward on this matter as soon as it seems prudent.



Lord Ashburton

10 February 1994

The company's directors, Ernst & Young, have reviewed the directors' statement concerning the company's compliance with those paragraphs of the Cadbury Committee's Code of Best Practice that are specified for their review. The auditors have reported to the directors that, based on their review, they concur with the directors' statement.

At the end of 1992, the Cadbury Committee issued its report on corporate governance – the system by which companies are directed and controlled. Effective corporate governance has long been practised by BP's board. Indeed, the Chairman was able to state in the group's 1992 annual report that we already substantially complied with the Cadbury recommendations.

The core of Cadbury is a 19-point Code of Best Practice. The London Stock Exchange requires each listed company to tell its shareholders how far it has complied with the Code in reports for accounting periods ending after 30 June 1993. We are pleased to confirm that, from 1 July, we did so fully, other than for the two points on which official guidance to all companies is awaited.

The Code has two main tenets. First, there should be a clear division of responsibilities at the head of a company. Second, the board should include independent, non-executive directors of sufficient calibre and number for their views to carry significant weight. Both apply in BP's case.

Biographies of the company's directors appear on pages 8 and 9. Seven are managing directors and eight, including the part-time Chairman, are non-executive directors. BP is unusual among UK-listed companies in having a majority of non-executive directors on its board.

The board, which meets at least monthly, has a formal schedule of matters reserved to it. The most important of these are the determination of strategy and policy for the company, and the allocation of its financial resources. Other matters are delegated formally to committees of the board:

- The Audit Committee is concerned with the adequacy and effectiveness of BP's internal controls and the compliance of the group's accounts with statutory and

other requirements. Chaired by Sir Patrick Sheehy, it reviews the half-year and annual accounts and, from 1994, will also review the first and third quarter results. It ensures that BP's relationship with its auditor remains at arm's length.

- The Compensation Committee sets the compensation and other terms and conditions of managing directors' contracts, and makes recommendations on the remuneration of other senior employees. Chaired by Lord Ashburton, it obtains independent advice on rates of pay and compensation packages in comparable companies, and sets performance targets for the managing directors and monitors progress towards them.
- The HSE Audit Committee is chaired by Sir James Glover. It ensures that BP's Health, Safety and Environmental policies are complied with company-wide. BP has been a leader among British companies in recognising the importance to all its stakeholders of having developed policies on these vital issues.
- The External Affairs Committee is chaired by Lord Wright. It reviews BP's external affairs strategy and reputation, and considers the implications for BP of external events and political trends.

Membership of the committees is listed on page 9. With one exception, only non-executive directors sit on them, although the managing director responsible for the particular topic attends their meetings.

There is also a Nominations Committee. It recommends to the board candidates for appointment as directors and whether current directors should be put forward for re-election at the AGM. Membership is normally the Chairman and Group Chief Executive, plus one managing and one non-executive director.

Group Chief Executive's Review

Improving BP's operational and financial performance has been our main preoccupation, and this effort will continue."

Our commitment to prosper as an international hydrocarbon company with a strong technology base and a focused marketing effort is firmly intact. In the past year, however, improving BP's operational and financial performance has been our main preoccupation, and this effort will continue.

The desire to lift BP's performance to new levels is not confined simply to the board of directors. Travelling round BP, I have found it shared enthusiastically by employees everywhere. And I believe it is this commitment to performance that lies behind the progress we have made in the last 12 months.

The group's 1993 performance

Economic growth in our two main markets – Europe and the USA – has been slower than forecast, and crude oil prices fell steeply during the year, Brent 'marker' crude averaged \$17.37 a barrel in January 1993 but dropped to an average of \$13.54 in December. (Since 1990, crude prices have fallen by more than 25%.)

Despite these trends, in the last half-year we all but reached earnings of \$500 million a quarter. This is a big step towards the targets we set in 1992. We must be convincingly robust in this volatile environment, and so it is encouraging to note that for the year as a whole, our replacement cost profit was £1.1 billion (\$1.7 billion), after tax but before exceptional items, more than double our result in 1992.

We cut \$2.9 billion off the group's debt, surpassing by a large margin our \$1-billion-a-year repayment target. By the year-end, our debt had come down to \$12.4 billion from a peak of \$16.5 billion in mid-1992.



We kept capital expenditure well within our stated limit of \$5 billion, but because we are now investing more efficiently, this still allows us to maintain our asset base and develop a range of exciting growth prospects.

We made pre-tax cash fixed cost savings of \$750 million during the year. Still more cost savings are expected in 1994.

Regrettably, one consequence of the continuing drive for productivity improvements has been the elimination of a large number of jobs. In 1993, BP's underlying headcount, that is excluding BP Nutrition and BP Oil service station operatives, fell by 10,000 to 50,000, a reduction of 18,000 since the end of 1991. This change reflects our use of technology and new organisational structures.

Upstream success

In the upstream sector, falling oil prices put pressure on margins. Despite this, BP Exploration's replacement cost operating profit rose to £1,923 million, against £1,681 million in 1992. A significant contribution to

the increase came from internal cost savings and higher productivity, though a stronger dollar and a reduction in Petroleum Revenue Tax in the UK also helped.

Thanks to its productivity improvements, BP Exploration was able to maintain its pre-eminent position among the oil majors in terms of net income per barrel produced.

New oil and gas fields came on stream in Alaska and the North Sea, and we started producing from the offshore section of Wytch Farm in southern England.

During the year, we added in excess of 600 million barrels of oil equivalent to our reserves, more than replacing the volume we produced. Development and appraisal work in the Gulf of Mexico, Colombia, Vietnam and west of Shetland holds the promise of steady net production increases for the remainder of the decade.

Downstream developments

Our downstream business, BP Oil, turned in a greatly improved set of results after a disappointing year in 1992. Its operating profit rose to £810 million, an increase of £506 million.

Especially encouraging was the fact that this better performance was achieved largely through self-help – that is to say, through productivity and cost-reduction measures. Like similar savings made elsewhere in BP, these gains will feed through into our results on a continuing basis, though they are of course not immune from competitive erosion.

BP Oil's sales volumes were slightly higher than in 1992, despite depressed markets for oil products and the rationalisation of its retail network. Our expansion in Eastern Europe and S.E. Asia continued apace.

BP Chemicals recorded an operating loss of £68 million, whose root cause was the ten-year-low margins in its ethylene and derivatives business in Europe.

To cover a fundamental restructuring of our European petrochemical operations, we took an exceptional charge of £200 million in the fourth quarter. The largest component relates to the closure of our loss-making ethylene cracker at Baglan Bay in Wales. Other actions have been taken or are planned to move BP Chemicals back to profitability, even in times of economic recession. In S.E. Asia, our planned chemicals expansion is moving ahead well.

Refocusing the portfolio

The drive to sharpen the focus of BP's activities continues. Assets not directly related to our core hydrocarbon and chemicals businesses are being divested; at the same time, we are increasing our investment in growth regions.

We made excellent headway on our disposal programme in 1993, securing proceeds of £2.1 billion – a large part of them from BP Nutrition. I feel this was a particularly notable achievement in a difficult market. In the last three years, we have realised £4.1 billion from asset sales. Further divestments can be expected in 1994, but the proceeds are likely to be only about half those realised in 1993.

Capital expenditure in 1993 was £2.9 billion, compared with £3.4 billion in 1992. Although we are spending less, we are investing more efficiently and taking advantage of technology; so our shareholders' money is now going further. In all cases, our aim is to invest only in projects which give us some key advantage over the competition.

We are also increasing the scale of our investment outside BP's traditional heartlands of Europe and the USA – notably in Colombia, S.E. Asia and Eastern Europe – often sharing the risk through strategic alliances and partnerships. These investments will give the group a broader geographical base and serve as a springboard for future growth.

Research and engineering

Technology is at the heart of our business. Innovative engineering and good science are yielding gains that only a short while ago would have been contemplated. In 1993, we spent £237 million on research and development. Our technology is both developed in house and acquired from outside sources. In this way, we secure the best available technology and make it work for BP projects. We have also been successful in selling BP technology to third parties.

Nowadays, our research and engineering activities are closely integrated into the operations of our three core businesses. A typical example of the way we are applying technology to the task of improving business performance is in the North Sea, where advances which make smaller, lighter, unmanned platforms a realistic option, mean we can now develop fields more cheaply.

Health, safety and environment (HSE)

Our management of HSE costs is no less rigorous than it is in other areas of our business. But I must stress that this does not mean cutting corners. In BP, safety is paramount. More than this, good HSE practices are, we believe, an integral part of running an efficient business. We manage our operations by adhering to strict safety standards and with due concern for the environment and for the health of our employees and of those who live near our installations or use our products.

Sometimes, projects with a solid business pay-off also benefit the environment. Horizontal drilling, which reduces the number of well sites needed to tap a reservoir, is a case in point.

In the Financial Review, on page 30, we provide more detail than previously on the amount BP invests in environmental protection. This is to meet the public's demand for more information, to satisfy US disclosure require-

ments, and to assure our shareholders that we manage this considerable expenditure as part of our normal business process.

A new edition of *New Horizons*, a report providing a fuller account of our HSE performance, will be published in early July.

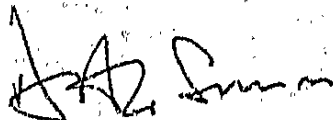
Future prospects and targets

Trading conditions in 1994 and beyond may turn out to be as volatile and demanding as those we saw in the early 1990s, but I believe BP is in good shape to respond to them.

By keeping our annual investment in the \$4.5 billion range and maintaining tight control of our operating costs, we should be able to advance our performance successfully when Brent crude is in the \$16-18 a barrel range. On the other hand, a sustained period of \$12-14 oil and weak margins would mean striving even harder to attain an acceptable return, adopting greater flexibility on the pace of our investments and tightening our cost-base further.

We are well on course for meeting our financial targets. But to sustain our improvement in competitiveness, we have set ourselves new and still more exacting performance objectives. We shall, over the medium term, be looking to add another \$1 billion of improvements from increased production and sales volumes, from further cost efficiencies and from lower interest payments. In addition, we have a number of high quality options for expansion, notably in the upstream sector where several promising fields should guarantee our reserves position for many years to come.

In view of all this, and with the difficult days of 1992 firmly behind us, I believe BP can look forward with confidence to the period ahead.



D A G Simon
Group Chief Executive

Board of Directors

CHAIR

John M. Acheson (1958) became Chairman of BP in June 1992. He was previously Chairman of BP from 1982 to 1992. He is also Chairman of the Board of Directors of British Petroleum (UK) Limited.

GROUP NON-EXECUTIVE

D A G Simon (1954) was appointed Group Chief Executive in June 1992. He has been a managing director since 1986 and Deputy Chairman since 1990. He is a non-executive director of Grand Metropolitan and a member of the Advisory Board of Deutsche Bank and of the International Council of the European Institute of Business Administration (INSEAD).

MANAGING DIRECTORS

S J Ahearn (1941) became a managing director in 1992. He is the group's Chief Financial Officer, Chairman of BP Nutrition and is responsible for the corporate centre.

F J P Browne (1946) became a managing director in 1991. He is chief executive of BP Exploration and is responsible for research & engineering and UK pension fund investment. He is a non-executive director of Redland and chairman of the board of the Stanford Graduate School of Business.

R F Chase (1908) became a managing director in 1992. He is responsible for the Western Hemisphere region, investor relations, corporate communications, health, safety and the environment, and community affairs and education.

H E Norton (1971) became a managing director in 1989. He is responsible for the European, Asia Pacific and Middle East regions and human resources, information systems and insurance.

B K Sanderson (1931) became a managing director in 1992. He is chief executive of BP Chemicals and is also responsible for Kaldair, BP Solar, the UK pension council and group economic forecasting. He is a non-executive director of British Steel.

K R Seal (1911) became a managing director in 1991. He is chief executive of BP Oil and is also responsible for Africa region and the UK pension trust.

NON-EXECUTIVE DIRECTORS

Sir James Glover (1914) joined BP's board in 1967 after a career in the British Army in which his last appointment was as Commander in Chief, UK Land Forces. He is chairman of Royal Aeronautics International plc.

Dr C H Hahn (1917) became a director of BP in 1990. He is chairman of the board of Saurer and is a director of Volkswagen (of which he is a former chairman), Benetton, Commerzbank, Gerling, Paccar, Perot Systems Corporation, Thyssen and ZAW.

Steve Ahearn

Dr Carl Hahn

John Browne

David Simon

Lord Ashburton

Charles Knight

Russell Seal



Dr K N Horn (196) became a director of BP in 1992. She is chairman and chief executive officer of Bank One, Cleveland, USA, and is a director of Eli Lilly, Rubbermaid and TRW.

C F Knight (58) has been a BP director since 1987. He is chairman of Emerson Electric and is a director of Anheuser-Busch, Southwestern Bell Corporation, IBM and Caterpillar.

Sir Robin Nicholson F Fag, FRS (59) joined BP's board in 1987. He is an executive director of Pulkington and a non-executive director of Rolls Royce.

Sir Patrick Sheehy (63) became a BP director in 1984. He is chairman of B A T Industries and a member of the President's Committee of the CBI.

Lord Wright of Richmond GCMG (62) joined BP's board in 1991 (as Sir Patrick Wright), having been Permanent Under Secretary of State at the Foreign and Commonwealth Office and Head of the Diplomatic Service. He is a non-executive director of Barclays Bank, De La Rue and British Airports Authority and an advisory director of Unilever.

BOARD COMMITTEES

Audit Committee
Sir Patrick Sheehy
Lord Ashburton
Sir James Glover
Sir Robin Nicholson

Compensation Committee
Lord Ashburton
Mr C F Knight
Lord Wright of Richmond

HSE Audit Committee
Sir James Glover
Dr C H Hahn
Sir Robin Nicholson
Lord Wright of Richmond

External Affairs Committee
Lord Wright of Richmond
Sir James Glover
Dr K N Horn
Mr K R Seal

Secretary
R C Grayson

Registered Office
Britannic House,
1 Finsbury Circus,
London EC2M 7BA

Registrar's Office
The BP Registrar,
CMG Share
Registration Division,
Astra Centre,
Edinburgh Way,
Harlow, Essex CM20 2BE

Auditors
Ernst & Young

Sir James Glover

Sir Robin Nicholson

Robert Chase

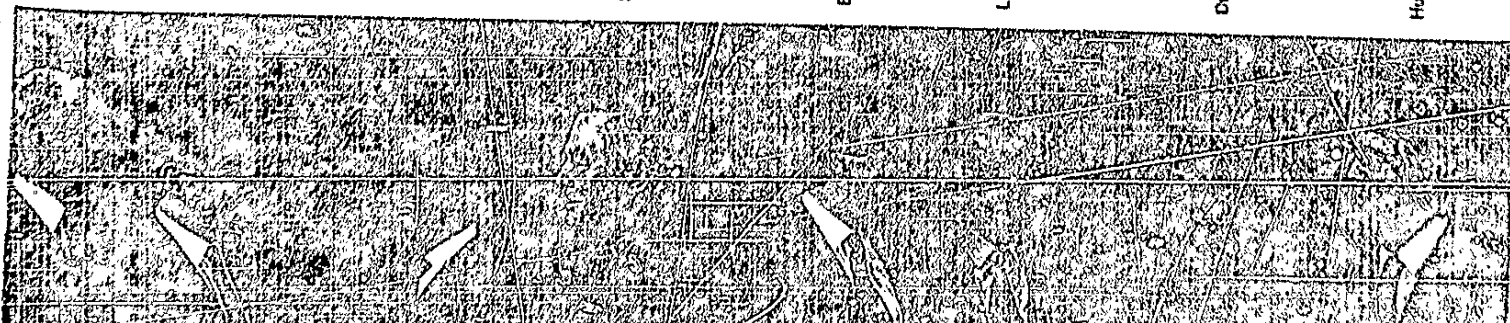
Sir Patrick Sheehy

Bryan Sanderson

Lord Wright of Richmond

Dr Karen Horn

Hugh Norton



12 Year at BP

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highly successful divestments of non-core assets by the BP group in 1993.

February

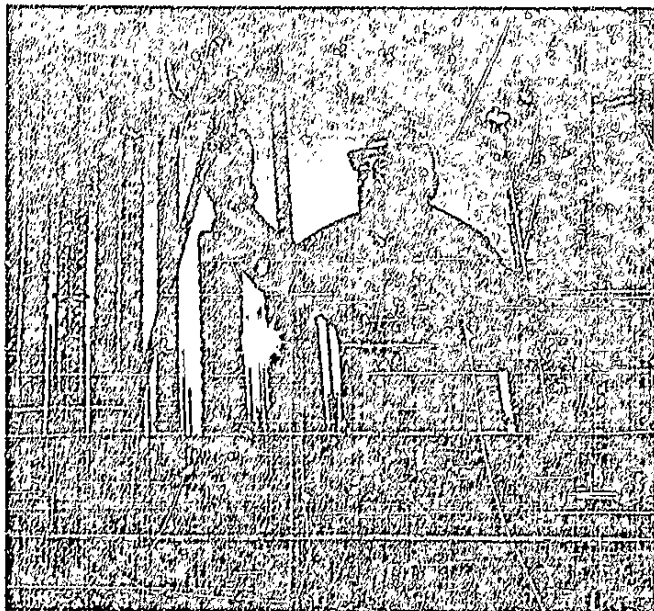
Commissioning of Indonesia's first polyethylene plant at Merak (BP 51%) - another important step in building up BP's presence in the growth markets of the Asia-Pacific region.

March

BP Exploration and PDVSA of Venezuela agree to re-activate the Pedernales oilfield in the Orinoco delta - the first upstream involvement in the country by an oil major since 1976.

BP sells its 49% interest in the Olympic Dam mine in South Australia.

April



Significant oil discovery (Foinavon) to the west of Shetland announced by BP Exploration (A second find, Schiehallion, is announced in February 1994.)

BP Exploration reveals plans to develop the UK North Sea's Harding field (BP 70%) at 20% below original cost estimates (Above Early construction work on Harding 1

Vico 5000, BP's top quality motor oil launched throughout Europe following its success in Germany, Austria and Switzerland.

First oil produced from the large Bruco field in the North Sea (BP 37% and operator) Gas production followed in August

BP Nutrition sells its detergents and personal care products group - another major step in BP's non core divestment process

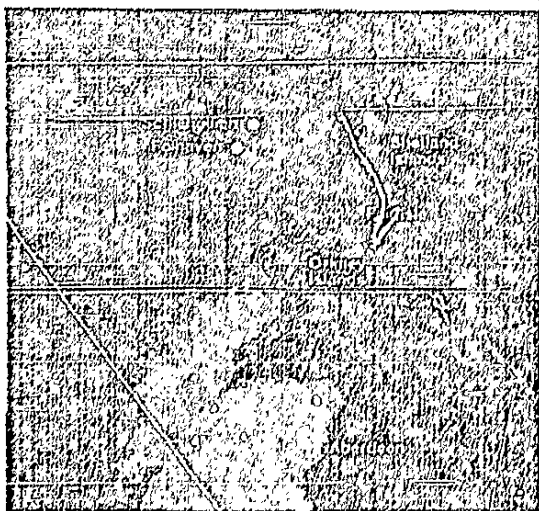
Second edition of *New Horizons*, BP's review of HSE activities, published

Sale announced of BP Oil's retail marketing interests in Sweden

BP agrees sale of US animal feed subsidiary, Purina Mills

Tragic loss of life off Belgian coast when BP tanker *British Trent* is struck by ore carrier.

BP Chemicals' new ethylene cracker opened at Grangemouth in Scotland by HRH The Princess Royal



BP Oil and its partners agree on a major investment to upgrade the Singapore Refinery Company's plant (BP 39%) to produce more high value transport fuels.

August

September

October

November

December

Publication of BP's 1993 half-year results, showing a marked improvement in profitability.

Deal with Tosco on the sale of BP's Ferndale refinery and marketing interests in Washington and Oregon states, USA.

BP Exploration announces plan to spend \$340 million developing its share of the first-phase of the Mars field (BP: 28.5%) in the Gulf of Mexico. Production to take place at new depth record in the area.

BP Chemicals and partner reveal plans for a process that recycles plastic waste back to petrochemical feedstocks.

BP Exploration acquires a stake in Alaska's Milne Point field, so enhancing its assets on the North Slope.

BP Exploration acquires more acreage in Colombia, including the Volcanera discovery.

Major upgrading and environmental projects completed at BP Oil's refineries in Scotland, Spain, Holland and Ohio USA.

Start-up of Alaska's Foinn McEntyre oilfield (BP: 32.2%) and of Norway's Draugen oilfield (BP: 14%)

Western Australia plans announced for a major upgrading of BP Oil's Kwinana refinery to produce more unleaded motor spirit.

BP NEWS SERVICE AUGUST 6 1993

Strong second quarter lifts BP to £1.17bn

by David Gammie, Economics Editor

BP's second quarter results are strong and its financial position is sound, says the company's chief executive, Sir John Browne.

BP's second quarter results showed a marked improvement in profitability, with operating profit of £1.17bn, up from £1.05bn in the first quarter.

Operating profit rose to £1.17bn, up from £1.05bn in the first quarter. This was due to a combination of factors, including a 10% increase in investment in the North Sea by the end of the year.

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In Colombia, the BP operated Cusiana and Cupiagua oil fields (BP: 19%) declared commercial and first development phase begins.

BP Oil announces sale of its Truckee and of America chain

BP Exploration announces plans to increase investment in the North Sea by 10% over the next three years

Hyde gas field (BP: 55%) in North Sea makes first sales to Alliance Co.



Commissioning of new waste-water treatment facilities at Kwinana refinery in Australia

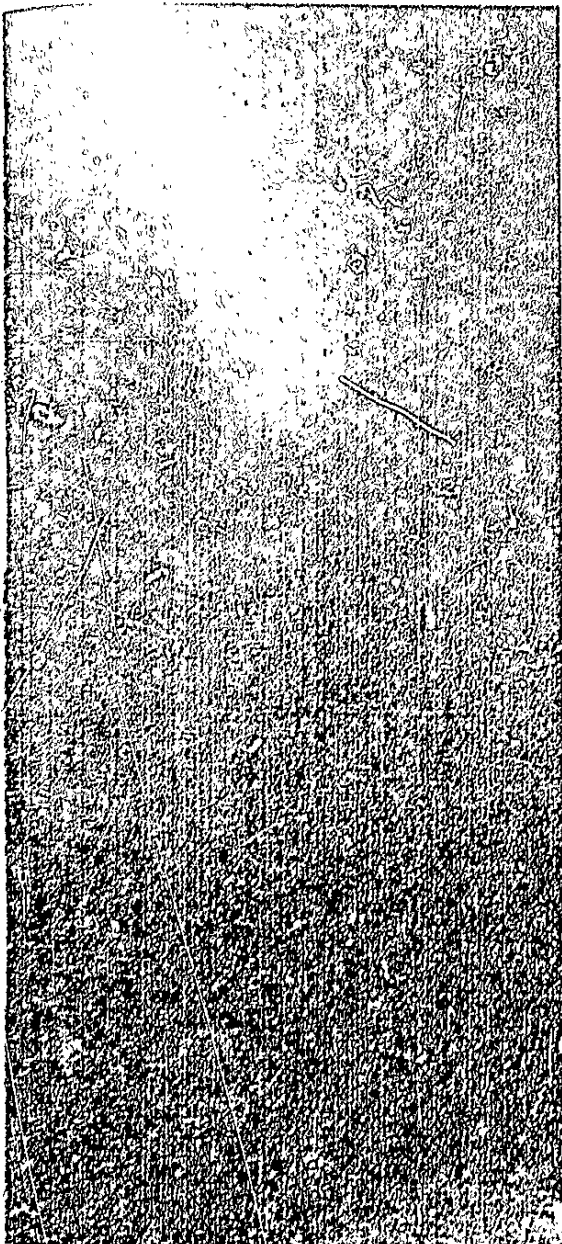
BP Nutrition's European petfood business sold to Dalgety

BP Oil opens its 80th service station in eastern Germany - at Potsdam.

The station above, in Berlin, is next to a short remaining section of the Wall



- ◆ High level of profitability maintained despite lower oil prices
- ◆ Total oil and gas production set to grow by 2% a year
- ◆ New projects in Alaska, North Sea, Gulf of Mexico and Colombia
- ◆ 647 million barrels of oil equivalent added to reserves – more than replacing the year's production



In 1993, BP Exploration delivered an operating profit of £1,923 million, a rise of 14% on its 1992 result. This impressive improvement took place against a 12% fall in average crude oil prices in 1993 and a 2% decline in production caused by the divestment of non-core assets. The result reflected greater operating efficiencies, a stronger dollar and Petroleum Revenue Tax benefits from the 1993 UK Finance Act.

The sustained performance can be attributed to the success of the strategy we adopted in 1989. Our programme of selling non-core assets is almost complete and we now have a portfolio that can both generate higher output and achieve a competitive level of profit on each barrel produced.

In December, when Brent spot prices averaged \$13.54 a barrel – the lowest of the year – all our significant producing assets remained profitable.

Controlling our costs

The key factors behind this higher profitability are a reduction in operating costs and an improvement in the efficiency of our investment projects. The gains came through the application and rapid transfer of new technology throughout the business, and from improvements in operating efficiency. Here, significant savings have been made by developing closer relationships with our main contractors and suppliers, agreeing common incentives to improve productivity. Large savings have come, too, from establishing a range of shared services with Arco, our partner on Alaska's North Slope.

Since 1989, we have sold more than \$4-billion-worth of assets which, had we retained them, would have produced over 250,000 barrels of oil equivalent* a day (boe/d) in 1993. Many of them had limited

* Gas is converted to oil equivalent at 6.0 billion cu. ft. = 1 million barrels

1993	1992
Replacement cost	1,023
Operating profit	1,923
Turnover	7,116
Capital employed	11,386
Capital expenditure	
- Exploration	450
- Production	1,292

scope for growth and high operating costs.

By using all the above means, we have reduced the average cost of producing each barrel of oil equivalent from a 1989 level of \$4 (in 1993 money) to less than \$3, despite lower output from some of our mature fields.

The outcome has been an improvement in BP Exploration's unit profitability. In 1993, its average net margin (excluding exceptional items) was about \$3.60 a barrel. This is the highest of all the international oil majors and more than 10 cents a barrel above 1990's level, despite the oil price having fallen by over 25% since then.

New fields on stream

In the UK sector of the North Sea, the Bruce field (BP: 37%) came on stream in May, with reserves of 2.6 trillion cubic feet of gas and 213 million barrels of liquids.

Another major success was the September start-up of the Hyde gas field (BP: 55%) in the southern North Sea. A close alliance with our partners and contractors, in Britain and Norway, contributed to a large reduction in its development costs. Production should average 45 million cubic feet a day from initial reserves of 150 billion cubic feet.

First liquids from the East Brae field (BP: 25.6%) were produced in December, while in the Norwegian sector, the Drungen field (BP: 14%) yielded its first oil in October.

Elsewhere, the Point McIntyre field (BP: 32.2%) in Alaska came on stream in October and, early in 1994, gas production started at Indonesia's Pagerungan field (BP: 36%).

Technology and new developments

The combination of cost reductions and latest technology has allowed us to pursue a steady programme of new developments, despite the period of low oil prices.

At the Wytch Farm field (BP: 50.5%) in

southern England we have produced the first oil from the offshore part of the reservoir. Here, horizontal drilling has eliminated the need to build an artificial island, giving big savings against the original cost estimates. Also, we are maximising the productivity of each well drilled by means of a new technique that provides information about the reservoir and allows us to make detailed directional adjustments as drilling proceeds.

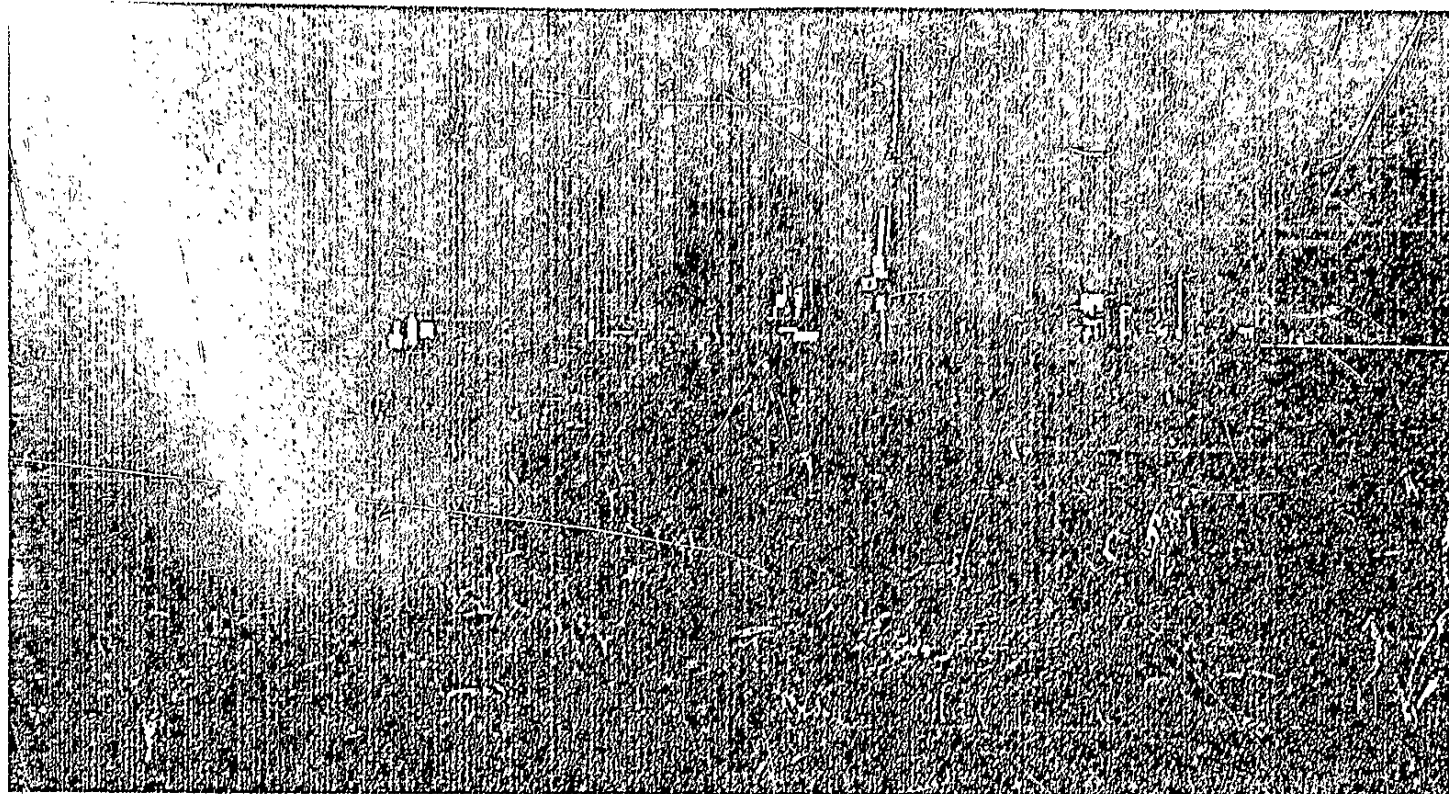
In the Gulf of Mexico, advances in deep water technology have made possible the development of the Mars field (BP: 28.5%), which has reserves estimated at 700 million boe. Lying in almost 3,000 feet of water, Mars will set a new Gulf depth record for a producing field when it starts up in 1996. Also in the Gulf of Mexico, work continues on the VK989/Pompano field (BP: 75%), due on stream in 1994.

In Alaska, the Niukuk field (BP: 100%) is expected to produce its first oil in 1994.

In the UK sector of the North Sea, the Petroleum Revenue Tax changes, which took effect from July, will help our programme of developments by raising the level of cash available for reinvestment and improving the economics of many projects now coming forward.

We have begun the development of the Harding field (BP: 70%). Known previously as Forth, the field has been renamed in memory of the late David Harding, former head of BP Exploration's activities in South America and, before that, in the North Sea. Production should begin early in 1996. We are now drawing up plans for developing the Andrew field (BP: 65%) and several other North Sea discoveries.

In Colombia, the Cusiama and Cupiagua oil fields (BP: 19%) were declared commercial in July and the initial development phase is under way. Their combined reserves are



CRUDE OIL AND NATURAL GAS PRODUCTION

OIL AND NGLs* (thousand b/d)	BP% interest end-1993	BP share of production		GAS (million cf/d)	BP% interest end-1993	BP share of production	
		1993	1992			1993	1992
UK - Forties	84.0	93	118	UK - Village Fields	100.0	200	184
- Magnus	85.0	110	115	- 'V' Fields	various	115	99
- Miller	40.0	47	74	- West Sole	100.0	105	97
- Other	various	112	103	- Miller	40.0	81	78
				- Other	various	317	244
Total UK		370	304	Total UK		824	652
Rest of Europe	various	80	87	Rest of Europe	various	30	27
USA - Prudhoe Bay	50.7/13.8†	432	495	USA - Alaska	various	23	26
- Kuparuk	39.2	100	112	- Gulf of Mexico	various	69	80
- Endicott	56.8	52	55	Total USA		92	106
- Other	various	34	26	Australia (N.W. Shelf)	10.7	104	132
Total USA		627	688	Canada	-	-	84
Rest of World	various	32	23	Other	various	14	18
Sub-Total		1,117	1,162	Total: BP Exploration		1,133	1,079
Abu Dhabi (equity interest)	various	125	131				
Total: BP Exploration		1,242	1,293				

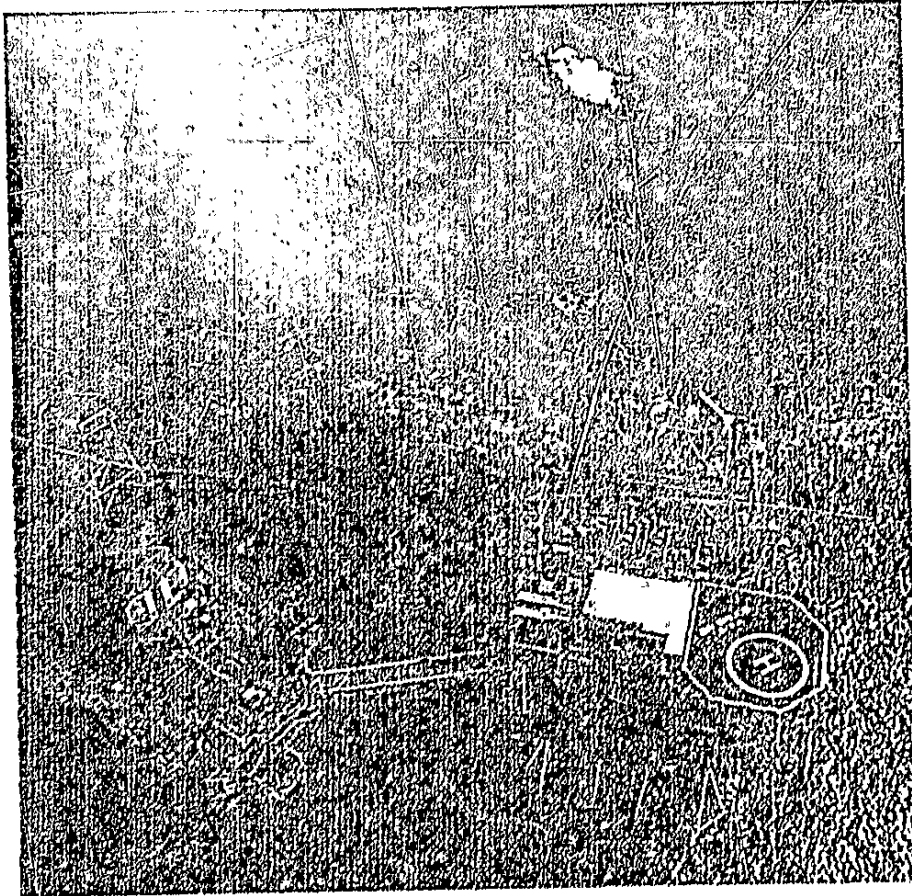
All volumes are net of royalty

*Natural gas liquids

†Oil rim/gas cap

Above | Development drilling at the Point McIntyre oil field in Alaska. The field came on stream in October, supplementing production from other fields on the North Slope - BP's biggest oil producing province.
(Photograph by Tom Kohler)

estimated to be at least 2 billion barrels. Total production from Cusiana is planned to rise to 80,000 barrels a day (b/d) by the end of 1994 and reach 150,000 b/d in 1995.



Above | The BP-operated Bruce oil and gas field in the North Sea came on stream in May 1993. It will supply about 10% of the UK's gas needs

In all these developments, improvements in our capital efficiency have been underpinned by our ability to apply and adapt technological advances, such as horizontal drilling. They have helped us bring down our average finding and development cost to less than \$4 per boe -- a level that is highly competitive.

Health, safety and environment

Technological advances, coupled with systematic processes to identify and manage the HSE risks associated with its activities, have allowed BP Exploration to fulfil its commitment to achieving the highest standards.

During 1993, it reduced further its

discharges from drilling by making greater use of water-based muds and BP-pioneered reinjection techniques.

In the field of safety, the number of injuries that caused lost working time was cut by 11%; and in the USA, BP was recognised by the government's Minerals Management Service for its excellent record in the Gulf of Mexico.

BP Exploration has adopted a process to ensure that all its employees appreciate the high HSE standards it expects, and that adequate systems and support are in place to ensure those standards are met. The process was adopted after a thorough and critical review of best practice across the industry.

Exploration successes

The strength of our portfolio stems from our exploration successes and from work to raise the volumes that can be recovered from fields already in production.

Our exploration activities are balanced between carefully targeted prospects in the North Sea and Alaska and a small number of highly prospective areas elsewhere that were not fully explored in the past because of technical or political barriers.

Spending on exploration and appraisal has fallen from \$972 million in 1989 to \$586 million in 1993, and this has contributed to our lower finding and development costs.

We have announced several discoveries recently, three of them highly significant. Foinaven (BP: 80%) and Schiehallion (BP: 50%) are in waters to the west of Shetland and both hold reserves initially estimated at 250 to 500 million barrels. The third is the Volcanera field in Colombia, in an area close to the Cusiana and Cupiagua fields.

New discoveries and the re-engineering of existing fields, have allowed us to more than replace the oil and gas we produced in 1993. By these means, we added 617 million boe to

discoveries, including 161 million boe from new finds and extensions in the UK North Sea and 104 million barrels from improved reserves and revisions to previous estimates in the US (BP: 50.7%) in Alaska. Significant placements in our oil and gas reserves in 1992 and 1993 are shown on page 10 of 95. We have not yet included in our reserves the latest discoveries in Colombia and west of Shetland, which remain under appraisal.

Production growth

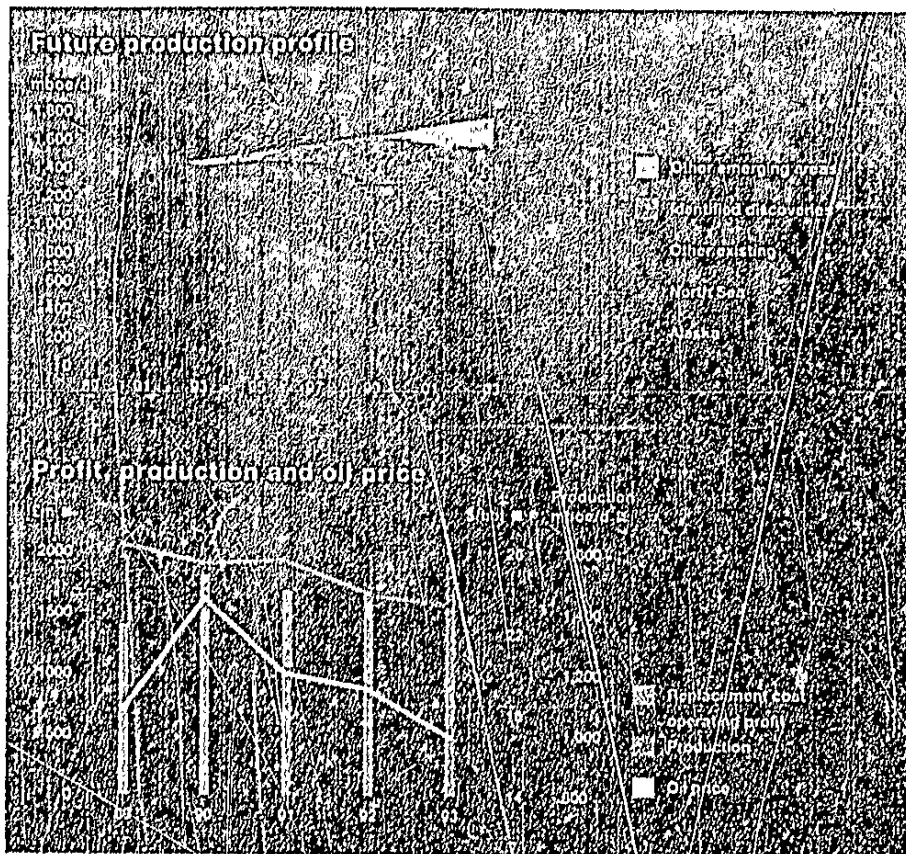
Our ability to replace more oil and gas than we produce means we have the prospect of increasing our output from 1994 onwards. We expect our combined oil and gas production to grow by about 2% a year. The level of gas production alone should rise by about 6% a year, so enhancing BP's position in the rapidly developing international gas market.

In all our investment planning, we are retaining a high degree of flexibility to adapt the pace of investment in the event of an extended period of low oil prices

In addition, we shall continue to use asset trading opportunities to build on our existing areas of strength. An example in 1993 was our acquisition from Conoco and Chevron of several interests in Alaska, including their shares of the Milne Point field. We can now link new discoveries to the existing infrastructure through Milne Point's facilities.

As part of the deal with Conoco, we also increased our acreage in the deep-water area of the Gulf of Mexico by acquiring interests in 55 blocks. Elsewhere, we have extended our promising acreage in Colombia, Nigeria and Vietnam through 'farm-in' activities.

Today, about 90% of our production comes from OECD areas. On current plans, that proportion will stay at over 65% for the rest of the decade, the North Sea and Alaska

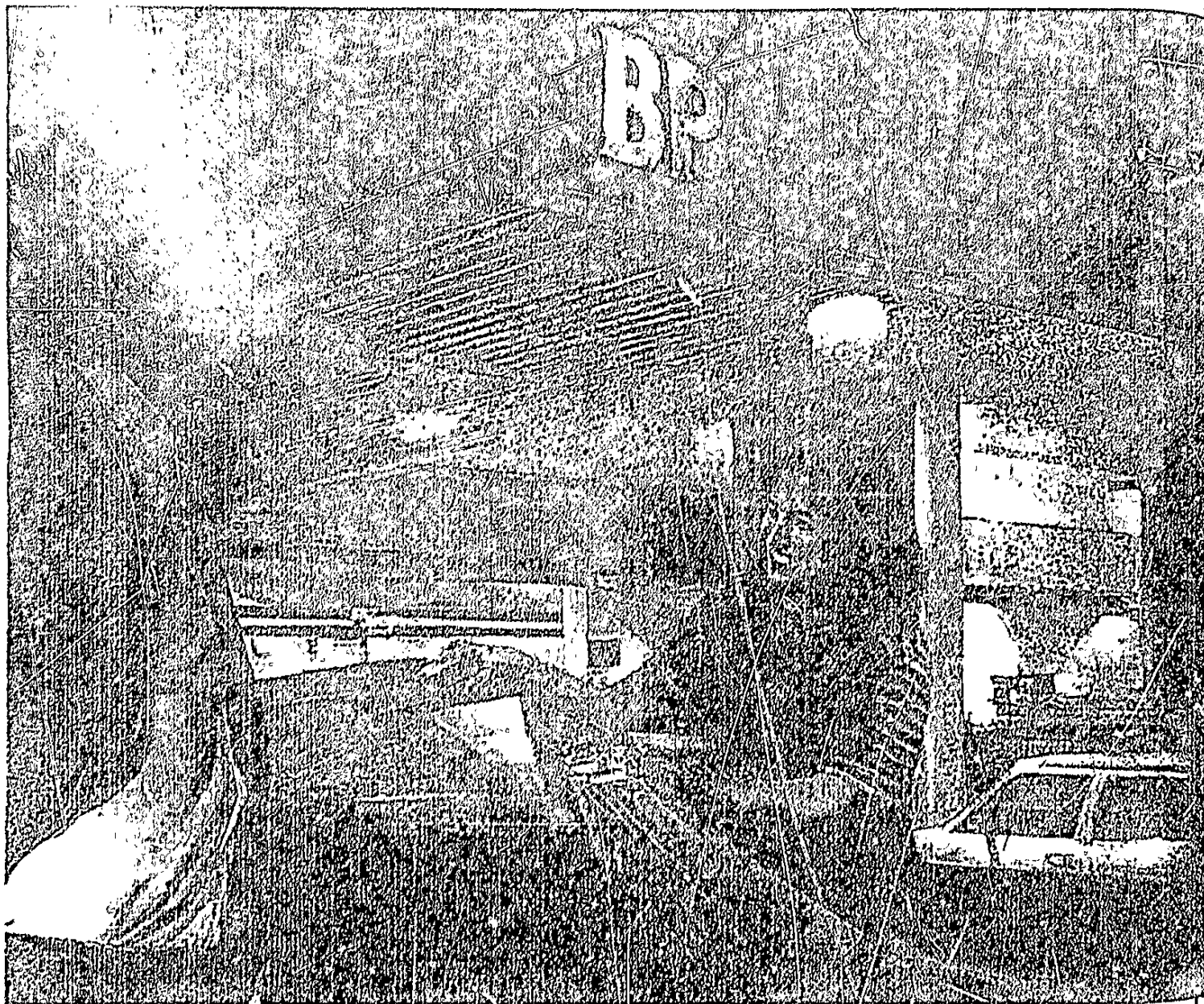


remaining the dominant areas.

From this strong base, BP Exploration continues to pursue opportunities in other areas of the world, such as Azerbaijan and Algeria, where we believe substantial volumes of oil and gas remain to be found.

Outlook

BP Exploration has met its performance targets and has achieved a sustained level of profitability, despite a harsh operating environment. Beyond the improvements made to date, it has the capacity to make still more gains that will sustain its profitability in the event of an extended period of low oil prices. It will continue to transfer the lessons of past achievements to all its projects, apply further technological advances and develop partnerships and co-operative relationships with those with whom it does business.



- ◆ Major increase in profits, mainly due to cost savings but also higher marketing margins
- ◆ Marketing expansion in Germany, Spain and S.E. Asia
- ◆ Important refinery upgrading projects completed
- ◆ Major divestments of non core assets



After a poor year in 1992, the improvement in BP Oil's results was one of the most encouraging features of the group's performance in 1993. Its operating profit of £810 million was £506 million up on 1992, most of the increase coming from cost-saving measures, with some help from higher marketing margins. Refining margins in Europe and the Asia-Pacific region improved, too, but the benefits were offset by continuing weakness in the USA.

Lower costs, higher productivity

In downstream oil there is only limited scope for product differentiation between oil companies. BP Oil's future success therefore depends on its ability to keep its operating costs low while maintaining refining and marketing assets which have an edge on the competition.

During 1993, BP Oil succeeded in cutting \$400 million from its operating costs, so beating its target for the year by \$100 million. We expect to make more cost savings in the future.

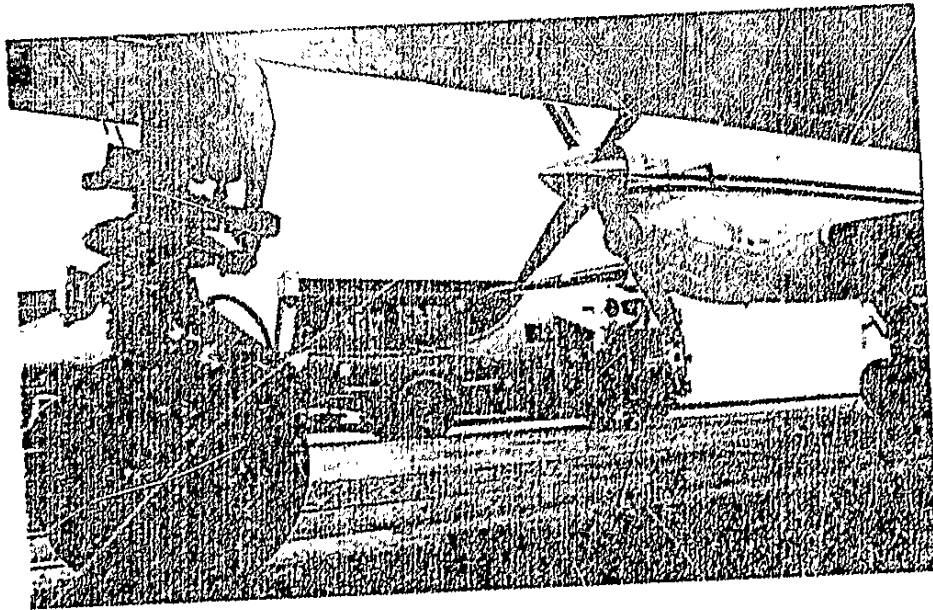
Throughout the business, employees have been finding ways of improving productivity. As elsewhere in BP, a key element has been co-operating globally to share knowledge on best practices. These may derive from BP's own experience or we may identify them in other leading companies when we 'benchmark' our operations against theirs.

Typical of BP Oil's productivity gains is the reduction in the fixed costs of its retail operations. They have come down by 25% in real terms since 1990 while the average sales volume per BP service station has gone up by 30%. In the same period, we have trimmed \$75 million from the cost of running our distribution terminals and delivery networks.

In refining, we are continuing to cut our fixed operating costs and maintenance costs.

£m	1993	1992
Replacement cost operating profit	810	304
Turnover	20,172	24,389
Capital employed	6,256	6,793
Capital expenditure	811	977

which have been consistently better than the industry average since the late 1980s. Also, through centralised purchasing and the setting of common construction standards, we can now build four top-level BP service stations in Europe for the price of three in 1991. And in 1994, we expect to go one better – building five for the price of three.



Above | Air BP is one of the world's leading suppliers of aviation fuels. It serves its customers at more than 500 airports in 70 countries.

Improving the quality of our assets
BP Oil is continuing to concentrate its assets in areas of competitive strength through a process of selected investments, acquisitions, swaps and divestments.

A good example is the rationalisation of our service station network, whose outlets worldwide shrank by 1,500 to 16,400 in 1993. In the mature markets of Western Europe and the USA, we are divesting our least profitable stations while enhancing many of our profitable, high-volume sites which are in areas where we enjoy competitive advantages.

In 1993, BP Oil divested several non-core assets, netting proceeds for the group of \$887 million. Among the year's disposals were our retail interests in Sweden, and, in the USA, our Ferndale refinery and marketing interests

in Washington and Oregon states, the Truckstops of America chain, and our service stations in southeast Florida.

Investments for future growth

As in all the group's businesses, capital expenditure downstream was held at prudent levels in 1993 (\$1.2 billion against \$1.7 billion in 1992). Nevertheless, we are reserving a minimum of \$200 million a year for investing in the world's growth markets – notably in S.E. Asia and Eastern Europe.

This 'growth' investment is exemplified by the expansion of our retail networks in eastern Germany, Spain, Malaysia and Thailand. Another example is at Fuzhou in southern China, where BP is part of a joint venture to build a liquefied petroleum gas plant. Meanwhile, in Vietnam, our joint-venture lubricants blending and marketing operations are performing well as part of the group's overall business activities there.

In 1993, we invested about \$350 million in our refinery system to increase the yield of high-value products, notably transport fuels. In our programme of upgrading our plants, projects completed during the year included: improvements to our reformer unit in Scotland (Grangemouth) and to our catalytic cracker in Holland, and the installation of an isomerisation unit in Spain and of a catalytic cracker in Bavaria. In South Africa, production at our joint refinery was expanded.

Among the projects begun in 1993 was one at Alliance in Louisiana, USA, that allows us to process a wider range of feedstocks; another at Kwinana in Australia will boost the production of low-lead petrol. Also, we are managing an \$840-million upgrade (BP share: \$240 million) at Singapore refinery.

We were also active in the sphere of

of environmental protection and improved productivity. We commissioned a new hydrocracker at Ohio (Toledo) to produce low sulphur diesel fuel and started a similar project at California. Extensive, new effluent treatment facilities came on stream during the year at Grangemouth and at Kwinana.

In general, we are directing our investment in refining to locations where we have, or can achieve, a sustainable competitive advantage – a policy that is likely to result in a smaller but more competitive asset base.

Health, safety and environment

BP Oil's achievements in HSE activities gained widespread recognition during the year. We received safety awards in France and South Africa, and environmental awards in Singapore and the USA.

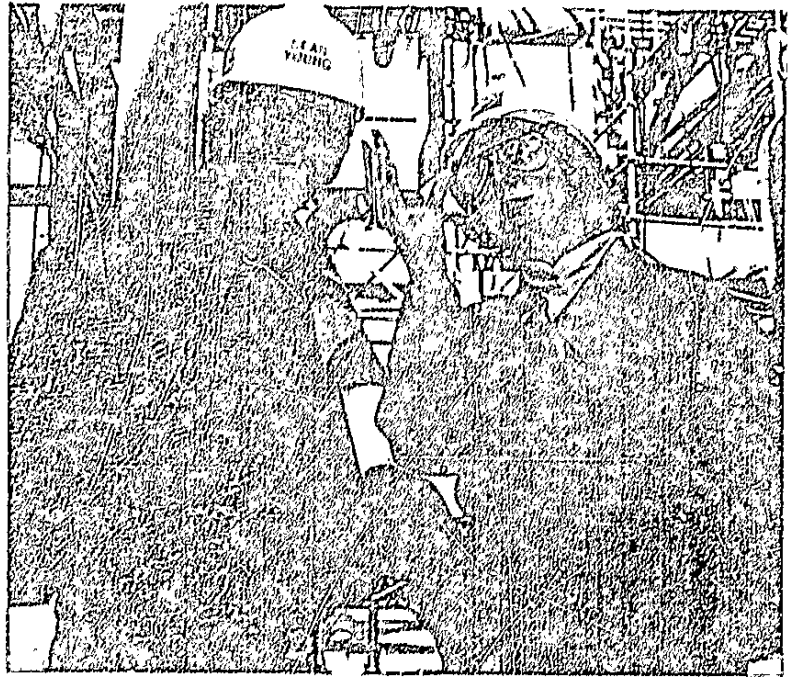
As explained above, we made further progress in reducing the emissions from our refineries. By 1995, our aim is to have cut – from a 1990 base – our discharges to water by 50% and our emissions to air by 25%.

The number of injuries that caused lost working time fell to half 1990's level. Unfortunately, there was a tragic loss of nine lives when an ore carrier struck BP's product carrier *British Trent* off the Belgian coast.

Research and technology

BP Oil's business is technology-intensive, particularly in the refining sector. Our strong reputation in this field has resulted in our winning contracts to provide technical and project management services to refineries in Indonesia, Russia and the Ukraine.

One of our recent product developments is *Visco 5000*, a top quality motor oil which, after successful trials in Germany, Austria and Switzerland, is now on sale throughout Europe and selected markets in S.E. Asia.



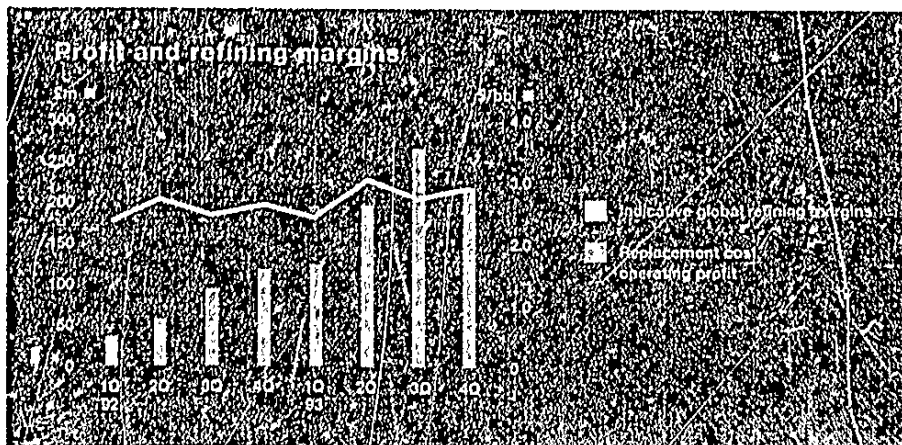
But whether the technology is 'home-grown' or bought in from outside, BP Oil will continue to use the best, most cost-effective technology to add value to its existing assets and new investments

Above | Alliance refinery, Belle Chase, Louisiana. Refinery manager Susan Catto and construction supervisor Seab Young discuss one of the several investment projects now under way at the plant

Outlook

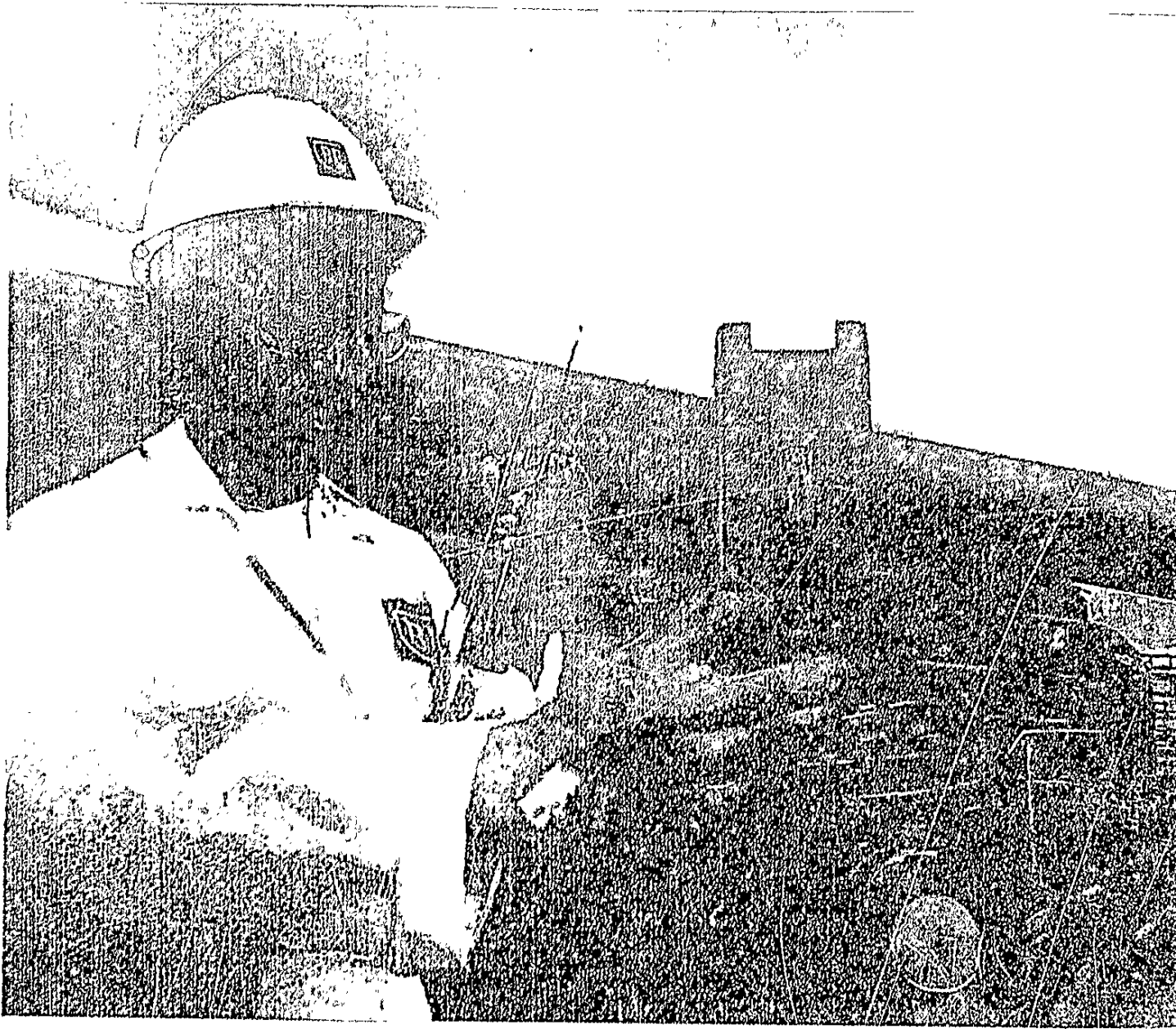
In the short term, we do not expect a significant improvement in industry refining and marketing margins in our major markets in Europe and the USA. BP Oil will therefore continue its drive to cut costs and boost productivity.

Looking further ahead, a low cost base, an enhanced portfolio of assets and a firm foothold in selected growth markets offer the prospect of BP Oil being well placed to compete successfully with the best of the competition.



BP Chemicals

Chief Executive: Bryan Sanderson



- ◆ Results depressed by continuing low margins in Europe, particularly for ethylene
- ◆ Greatly improved productivity and vigorous cost reduction programme
- ◆ Selective investments, divestments and closures strengthen asset base
- ◆ Improved technological strengths and HSE performance



Economic recession and an industry-wide surplus of manufacturing capacity in Europe continued to exact a heavy toll on our chemicals business, squeezing margins on ethylene and its main plastics derivatives to a ten-year low. This was the main reason behind BP Chemicals' operating loss of £68 million, against its £24-million loss in 1992.

Both years' results included a charge to cover restructuring moves to improve the business's long-term operating efficiency. The charges, not treated as fundamental under accounting standard FRS3, were £55 million in 1993 and £20 million in 1992.

In contrast with ethylene and plastics, other business sectors performed well, including acetyls and acrylonitrile (in which we are leading world players), and solvents and speciality products.

In 1993, the business generated a positive cash flow of more than £100 million, an improvement of over £200 million on 1992.

A plan to restore profitability

BP Chemicals is taking vigorous action to improve its long-term competitiveness and productivity, a strategy aimed at earning an acceptable return and producing a positive cash flow to the group, even in a harsh business environment.

Since 1990, this strategy has led to a 20% rise in productivity, with more to come. In 1993, underlying cash fixed costs were cut by £50 million. This, together with a significant benefit arising from divestments and favourable exchange rate movements, led to a reduction in fixed costs of 20% over 1992.

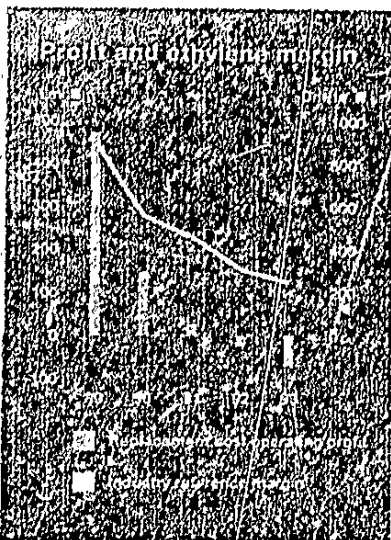
The strategy also entails reshaping our asset base by means of selected divestments, closures and investments. This involves:

- Divesting non-core activities. Disposals in 1993, which yielded proceeds of about £200 million, included our Antwerp-based

£m	1993	1992
Replacement cost		
operating profit (loss)	(68)	(24)
Turnover	2,034	2,902
Capital employed	2,170	2,556
Capital expenditure	222	335



Above | Research chemist David Walker at the 'polymer cracking' pilot plant at Sunbury research centre. BP Chemicals has developed a process for recycling plastic waste back to chemical feedstocks.



low density polyethylene business, our UK coatings subsidiary, Melbon, and our US operations in nitrogen chemicals and certain advanced materials.

- Helping to attack Europe's severe over-capacity in ethylene by closing our loss-making cracker at Baglan Bay in Wales. The cost of the closure is the largest item in the exceptional charge of £200 million BP Chemicals has made to cover the fundamental restructuring of its European petrochemicals operations.
- Building on competitive strengths in areas where we enjoy technological or cost advantages. In 1993, we brought on stream our new 330,000-tonnes-a-year ethylene cracker at Grangemouth in Scotland. The unit draws gas feedstock from BP Exploration's nearby oil and gas separation plant at Kinneil and is one of the most competitive in Europe.
- A progressive shift of our asset base towards East Asia by taking up business opportunities in the region's growth markets. At Merak in Indonesia, a 200,000-tonnes-a-year polyethylene plant (BP: 51%) was opened in February 1993. In Korea, we are extending our range of acetyl products to include ethyl acetate; while in Malaysia, we are building, with partners, an ethylene and polyethylene complex that will use BP Chemicals' world-leading technology.

A combination of cost savings, an upgraded asset base, greater reliability at our plants and much improved levels of production, now gives BP Chemicals a sustainable source of competitive strength.

Our commitment to enhance performance is underpinned by the Total Quality Management tenets of providing customers with high quality products and services, and improving continuously our management

systems and manufacturing processes. 'Benchmarking' our performance against other major companies is another part of this process.

Technology and the environment

BP Chemicals is a world leader in the technology for producing polyethylene, acrylonitrile and acetic acid. This strength has helped it spearhead the group's investment in the Asia-Pacific region and has reinforced its own licensing position in China, where 12 licences for these product groups have been agreed to date. Worldwide, our polyethylene technology is now used by 19 licensees in 13 countries.

Products nearing commercialisation include improved polymers for use in packaging, and solvents that are more environmentally sound. We have also pioneered a process for recycling plastic waste back to petrochemical feedstocks and, with partners, are now developing this 'polymer cracking' technology.

We have made further progress in reducing emissions to air and water and have cut back on the solid waste discarded offsite. Our Lima and Green Lake plants in the USA achieved the distinguished four-star rating of the International Safety Rating System.

A full account of BP Chemicals' HSE performance will appear in *The Facts: 1993 Update*, due for publication early in July.

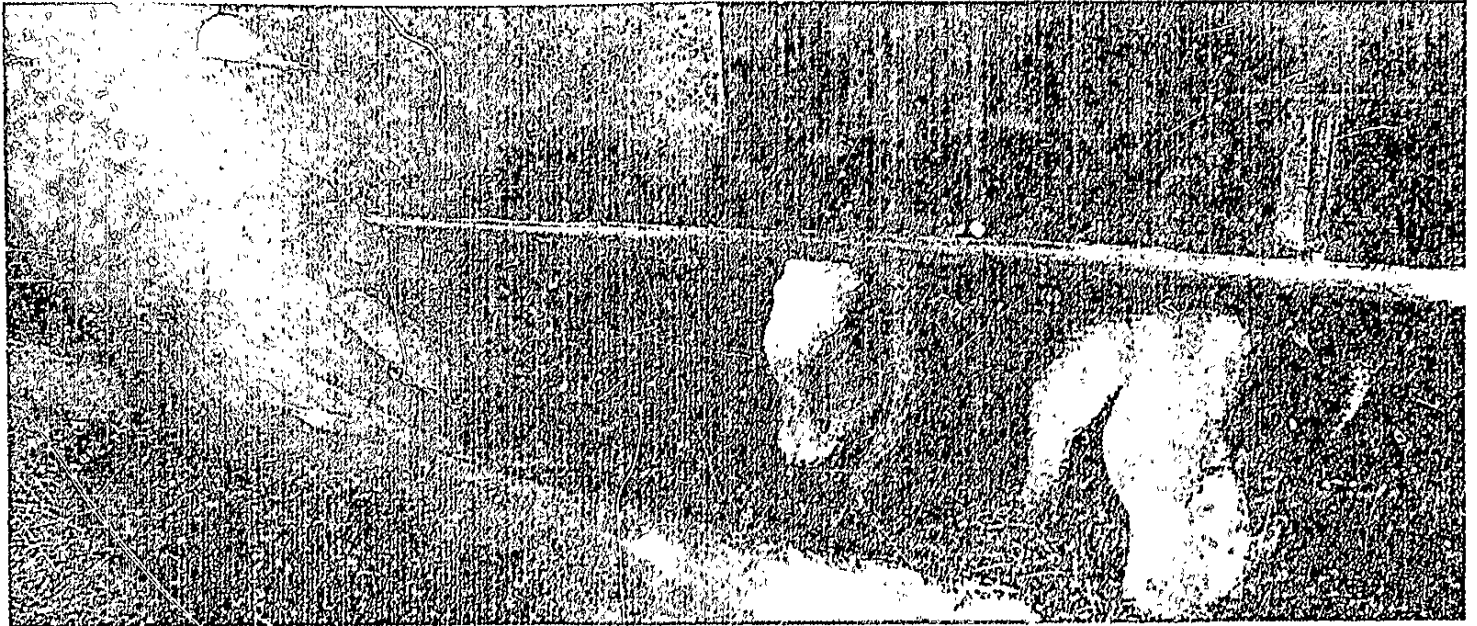
Outlook

We expect the trading environment for our key European petrochemical and polymer businesses to remain tough in the short-term, and to improve gradually thereafter.

Notwithstanding the above, we believe the measures we are taking in BP Chemicals will place it in a strong position relative to its competitors and will restore its profitability, even in difficult phases of the business cycle.

Nutrition

Executive: Robin Gourlay



- ◆ Successful divestment of two-thirds of the business
- ◆ Major improvements in operating efficiency

During the year, we made excellent progress in implementing our strategy of divesting our nutrition interests.

We sold five of BP Nutrition's nine business segments: the processed meat and charcuterie operations to Sara Lee, cleaning and personal care products to Legal & General Investor Group; Buina Mills to Sterling Investors; Petfoods to Dalgety; and Tradigrain to Farmland. On each, we achieved or exceeded the target proceeds which, in total, came to £664 million -- a major part of the group's 1993 divestment total.

BP Nutrition's operating profit for 1993 was £58 million, compared with £73 million in 1992. A lower profit was to be expected because the operations we sold contributed only for as long as they remained in BP ownership.

There were other notable achievements in 1993. Despite the low prices for pigs and

fish in Europe, we improved the profitability of our feed-related businesses, holding our market share in some areas and improving it in others. Even though European salmon prices fell sharply in September, our aquaculture operations had their best year ever, thanks to surging sales of our new range of fish feeds.

The major task in 1994 is to divest BP Nutrition's four remaining businesses: European animal feeds, speciality feeds, animal breeding and aquaculture.

In the meantime, we are determined to run them profitably while preparing them for sale. This involves cost cutting and restructuring and, simultaneously, maintaining the quality of the assets and customer base. In this way, we shall achieve maximum value when divesting them and secure a good future for each business segment and its employees.

£m	1993	1992
Replacement cost		
operating profit	58	73
Turnover	2,436	3,060
Capital employed	370	949
Capital expenditure	40	*03



Above | Vivien Dellakker and Terry Gilbert check the growth of young plants in a mangrove swamp at our Bulwer Island refinery, near Brisbane, Australia. BP has a three-year A\$155.6bn commitment to this environmental project.

Our top priority in 1993 has been to improve performance in every part of BP. Regrettably, however, the continuing pressure on costs has led to more job cuts, some of them resulting from contracting out work and sharing certain in-house service functions between our businesses.

The average number of people employed by BP companies in 1993 was 84,500, a fall of 21,250 on 1992. Details appear on page 50.

Performance and teamwork

In June, we conducted an attitude survey among our employees worldwide to identify any significant shift in their views since the previous survey in 1991 and to find ways of improving BP's performance, reputation and teamwork. It revealed that employees now have a better understanding of our business strategy

and feel strongly that the company is much more focused on improving performance.

In light of the survey's findings, we are now giving particular attention to improving communications between individuals and their managers, to providing more effective support for employee development, and to extending the sharing of good practice across the group.

We are making greater use of upward feedback, a process which more fully involves employees and their managers in identifying ways to improve their team's performance. Various training schemes are also in place to strengthen the skills that we believe are critical to improved performance. Also, we are encouraging our employees to plan their personal development, helped by their managers.

The link between performance and pay is a vital one and we are taking steps to reinforce it. BP Exploration, for example, has introduced a gainsharing scheme for its North Sea employees, building on the success of similar arrangements in Alaska and in parts of BP Oil's and BP Chemicals' operations in the USA.

Employee share ownership

BP share schemes, which encourage employees to become stakeholders in the company, are now running in 14 countries. Typically, at least 50% of eligible employees participate in these schemes.

In the UK, we won two commendations in the 1993 ProShare Awards for excellence in the achievement of employee share ownership worldwide and for the quality of our financial communications for shareholders.

Equal opportunity

We are committed to a policy of equal opportunity and non-discrimination for all our employees. We continue to encourage the progress of women and minorities at work and the employment of suitably qualified disabled

people... help employees balance their... responsibilities – for example by... childcare facilities.

Pensions in the UK

Because of the large surplus in the BP Pension Fund, we decided after taking advice from actuaries to suspend our contributions for two years from October 1993. In January 1994, we contracted out our pensions administration, leaving a small policy team at our Hemel Hempstead office.

BP in the Community

Providing support for the community plays an important part in enhancing BP's reputation and, ultimately, its prosperity.

Our community programmes are tied in closely with the local objectives of our three core businesses and are managed by them. We concentrate on subjects where we can make a difference – education, environmental protection and small business development. Moreover, our support involves not just financial donations but also the time and expertise of many BP employees.

We have strongly supported education for many years. For example, 1993 was the 25th anniversary of our Schools Link scheme in the UK. In many countries, our employees give guidance to schools on science and engineering subjects. 1993 saw a large expansion of our Science Across Asia-Pacific programme, which links up hundreds of schools in the region.

In environmental protection, we are involved in many local schemes. They range from cleaning up beaches in Singapore and running training courses in Colombia to supporting a natural history field centre outside Madrid.

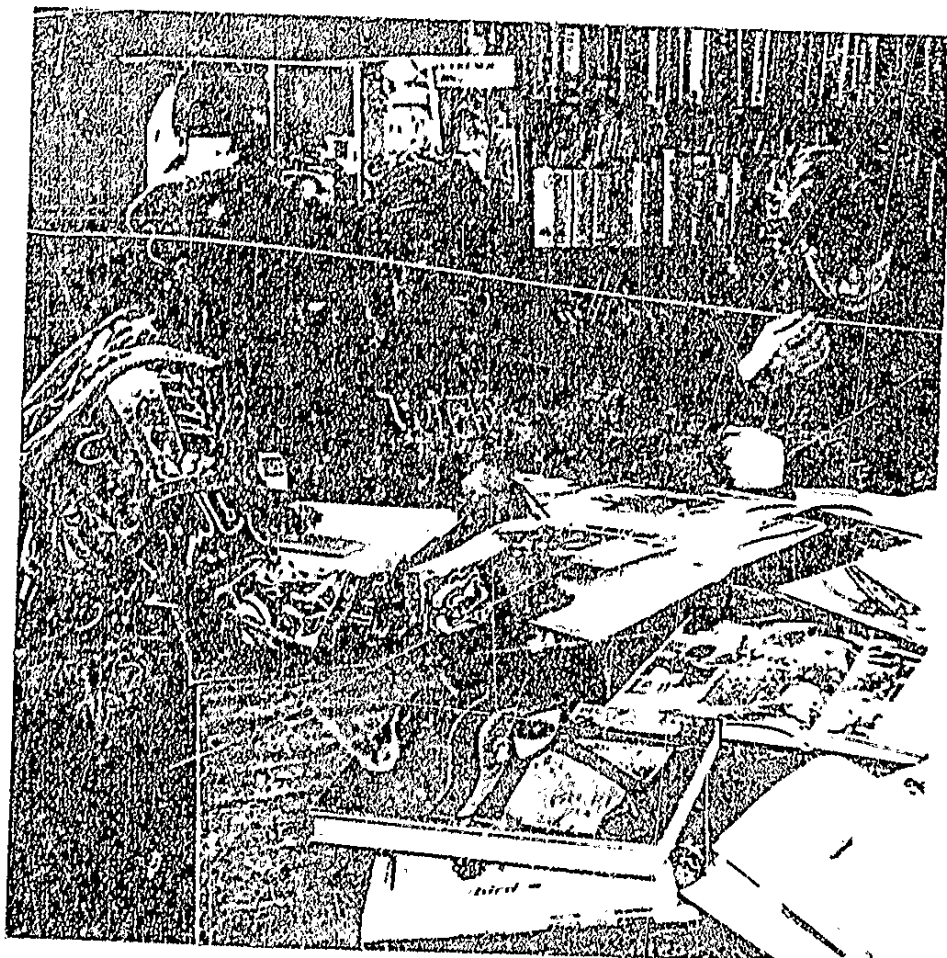
Our community support projects are equally varied, though all share the common aim of encouraging business enterprise. For

example, we sponsor business training schemes in South Africa, provide 'Save the Children' loans for village development in some of the poorer areas of Vietnam and promote the role of women in business in Alaska.

To complement all these programmes of 'direct involvement', we run thriving matched-giving schemes in the UK and the USA which allow our employees to direct some of BP's expenditure to the charities of their choice. And at BP Chemicals' plant at Wingles in France an employee volunteering scheme in the community is being developed.

In 1993, BP's worldwide expenditure on community support, including education, totalled £21 million. Of this, £8.3 million was in the UK (£6.5 million went to charities) and £5.5 million was in the USA.

Below | BP is involved with education in more than 40 countries. In the UK, our Schools Link scheme has just celebrated its 25th anniversary



Corporate Information

Directors

Mr P D Sutherland resigned from the board as a non-executive director on 1 July 1991.

Sir James Glover, Dr C H Hahn, Mr H E Norton, Mr D A G Simon and Lord Wright of Richmond retire from the board by rotation and, being eligible, offer themselves for re-election. Of these, only Mr Norton and Mr Simon have a service contract with the company, each of two years' duration.

Directors' interests

The interests, including family interests, at 31 December 1993 in the shares of the company and its subsidiaries of the persons who were directors at that date are shown in the table below. Interests at 1 January 1993 are also shown. All the interests shown are beneficial.

The British Petroleum Company p.l.c.
25p ordinary shares

	31.12.93	1.1.93
Lord Ashburton	14,175	14,175
D A G Simon	19,220	18,197
S J Ahearn	35,153	18,467
E J P Browne (i)	39,137	30,402
R F Chase	15,933	15,263
Sir James Glover	4,039	3,917
Dr C H Hahn	17,000	17,000
Dr K N Horn (ii)	4,800	4,800
C F Knight (ii)	12,000	12,000
Sir Robin Nicholson	1,427	1,385
H E Norton	40,085	38,020
B K Sanderson	35,407	34,159
K R Seal	25,018	23,710
Sir Patrick Sheehy	7,807	7,807
Lord Wright	1,700	500

Since 31 December 1993, directors' interests in ordinary shares have increased as follows:

S J Ahearn	24 shares
E J P Browne	13,025 shares (ii)
Sir James Glover	25 shares
Sir Robin Nicholson	9 shares
H E Norton	238 shares
B K Sanderson	22 shares
K R Seal	149 shares
D A G Simon	115 shares

No other changes in directors' interests have taken place since 31 December 1993.

(i) Includes 20,628 (18,996) ordinary shares held in ADR form.

(ii) Held in ADR form.

(iii) Includes 12,912 in ADR form.

No director, either during or at the end of the financial year, was materially interested in any contract of significance to BP's business.

Pursuant to Section 310 of the Companies Act 1985, for the year ended 31 December 1993, the company has purchased

maintained policies of insurance for its directors and officers 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.

Other interests

So far as the company is aware, as at the date of this report, Morgan Guaranty Trust Company of New York, as Depositary for American Depositary Receipts (ADRs), holds interests in 1,410,932,988 ordinary shares (25.9%).

Included in this number are part of the respective holdings of FMR Corp and Fidelity International Limited (together FMR) and of the Kuwait Investment Office (KIO). Either directly or through nominees, FMR holds interests in a total of 330,206,317 ordinary shares (6.1%) and KIO in a total of 528,400,114 ordinary shares (9.7%). The company is not aware of any other interest in its ordinary shares of 1% or more.

Annual general meeting

The notice convening the annual general meeting to be held on Thursday, 7 April 1994 at 11 a.m. at The Barbican Centre, Silk Street, London is sent to shareholders separately with this report, together with an explanation of the items of special business.

Ernst & Young have expressed their willingness to continue as auditors and their re-appointment is proposed in accordance with Section 385 of the Companies Act 1985. It is also proposed that the directors be given authority to set the auditors' remuneration.

By order of the Board
Richard Grayson, Secretary
10 February 1994

Richard Grayson

Financial Review

Financial Officer: Steve Ahearne

Summary

Results for 1993 were significantly better than 1992, despite declining oil prices. Reasons for this were the large reduction in our fixed cost base and our greater production. We also benefited from higher margins in our downstream oil business and from a stronger dollar.

The consequential improvement in cash flow from operations, together with higher proceeds from disposals and reduced capital expenditure, allowed debt repayments of \$2.9 billion during 1993.

Operating environment

Growth rates in the economies of the USA, Europe and Japan were lower than expected and this dampened demand for oil and for chemical products. In the second half of the year, higher world production of crude oil exacerbated the situation and led to a steady decline in crude oil prices. Brent 'marker' crude fell to an average of \$13.54 a barrel in December and the year-on-year decrease in average Brent prices was more than \$2.30 a barrel, a fall of 12%. Average worldwide refining margins increased compared with 1992. Although there was some recovery in ethylene margins during the year, the average margin was almost 20% below that in 1992. Moreover, the improvement was neutralised by lower margins for ethylene derivatives.

The 1993 results in detail

Replacement cost operating profit before exceptional items was £2,501 million, compared with £1,884 million in 1992, an increase of 33%.

Two main factors were behind the increase: the substantial cost reductions we have made throughout BP and the stronger US dollar. The lower chart opposite shows BP's results on this

measure over the last five years, together with a breakdown of the contribution to the total made by each business.

Interest expense fell because of substantially reduced debt in 1993 and lower interest rates. This meant that our interest costs were \$177 million lower than in 1992, despite a reduction in capitalised interest. However, the charge when expressed in sterling was virtually unchanged at £675 million because of the effect of the stronger dollar.

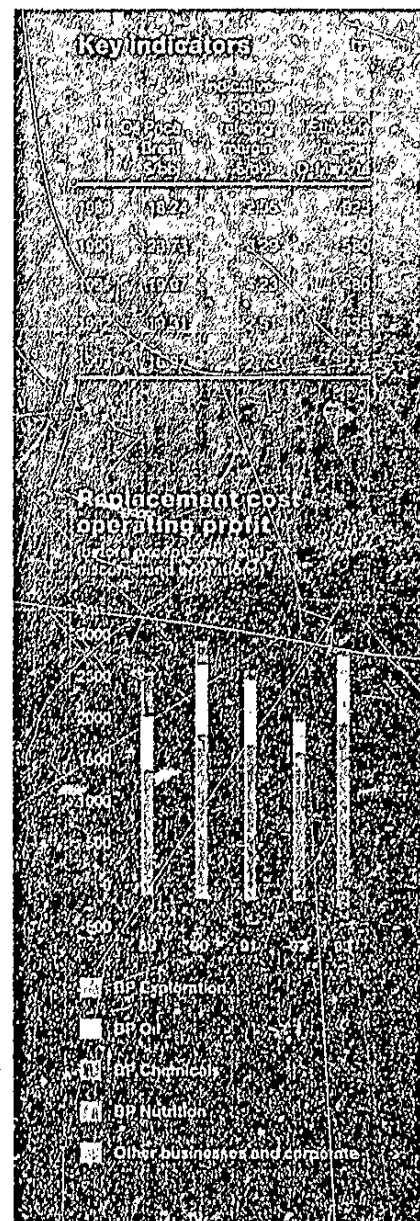
Corporation tax charged in the year was £685 million. The lower amount of £565 million in 1992 reflected £106 million of tax relief on the exceptional items charged in that year.

Within 1993's total tax charge, the overseas charge increased with higher profits but the UK charge did not. This was a consequence of our now being able to write back surplus advance corporation tax, whereas in recent years we have had to write it off.

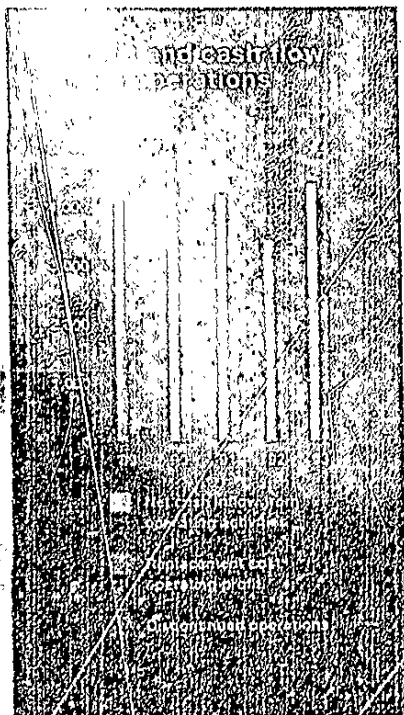
The effective tax rate on 1993's historical cost profit, excluding exceptional items, was 45%. About 5% of that was attributable to stock holding losses on which there is no tax relief in certain countries.

Production taxes are accounted separately from corporation tax and treated as an operating expense of BP Exploration. They amounted to £589 million, compared with £995 million in 1992. The decrease reflected the beneficial effect of the 1993 UK Finance Act and the lower oil prices prevailing in 1993.

From 1 July 1993, the Finance Act reduced the rate of Petroleum Revenue Tax (PRT) on existing fields from 75% to 50%, eliminated relief for exploration expenditure, and removed the PRT liability for new fields. The benefit to 1993 after-tax income of the



Financial Review



reduced rate on current production was about £60 million.

The changes reduced the need for us to make provision for deferred PRT. We therefore released sufficient of the resulting surplus provision immediately, to counter-balance an abnormal exploration write-off. This write-off of £165 million followed a review of the carrying values of certain intangible exploration assets that had previously been shielded by related deferred PRT provisions.

The release of the remainder of the surplus provision is being accounted for prospectively on a unit-of-production basis in accordance with BP's accounting policy.

Replacement cost profit, after tax and interest but before exceptional items, was £1,125 million, more than double the 1992 result.

Exceptional charges were made during the fourth quarter in respect of a fundamental restructuring of our European petrochemicals operations. This included the cost of closing BP Chemicals' loss-making ethylene cracker at Baglan Bay.

A further exceptional charge related to a net loss of £40 million, before tax, on sales and closures of operations. The comparable figure in 1992 was a profit of £70 million. Major components of the loss in 1993 were the cost of closure, demolition and clean-up of BP Oil's former refinery site in Hamburg and provisions associated with a previously divested minor business.

Our historical cost profit after exceptional items and stock holding losses was £615 million. This compares with a loss in 1992 of £458 million, which included exceptional items of £994 million (£888 million after tax) mainly for employee severance costs and asset write-downs. We incurred stock holding losses of £281 million

during the year; the comparable figure in 1992 was £106 million.

Cash flow and its components

Cash from operating activities rose by about £900 million to reach £4,397 million (see chart on left). The increase of 26% against 1992 was attributable to the improvements in business operating profits mentioned earlier.

In addition, cash was generated from the continuing disposal of non-strategic or under-performing assets. They included a large part of the BP Nutrition business. Total disposal proceeds were £2,052 million, £994 million above the level achieved in 1992.

Our cash flow also benefited from a £628 million reduction in capital expenditure. One of our objectives in 1993 was to achieve greater capital efficiency, so that a given physical programme would require less capital spend. Several examples appear in the business reviews earlier in this report. Our lower capital expenditure in 1993 also reflected the completion of a number of large-scale capital programmes started in previous years.

Although our expenditure was lower, we nonetheless invested a total of £2,902 million on improving and expanding our assets and on developing new activities. We are aiming for even greater capital efficiencies in the future, within annual expenditure limits of about £3 billion over the next two years. The planned funding of this future capital investment is from our internal operating cash flows. The chart on the page opposite shows the spread of capital expenditure across our businesses.

Environmental investment

In 1993, operating expenditure on the prevention, control, abatement or elimination

water and solid waste pollution was an additional £200 million. This is a level similar to that in 1992. However, because environmental expenditure is often embedded within other day-to-day operating costs, it is difficult to identify separately. The amounts we give here are therefore our best indicative estimates, using standard industry classifications.

In addition to the above operating expenditure, we also charged against profits about £160 million for environmental remediation programmes at service stations and other sites in which BP has an interest.

Our capital investment on pollution abatement in 1993 was about £250 million, compared with £350 million in 1992. In 1994 and 1995 we expect the sums to be about £290 million and £250 million respectively. The reason this capital spend was lower than in 1992 was that several large investment projects aimed at improving our environmental performance – in the USA and Europe in particular – were completed in 1993.

Much of our expenditure on HSE is intended to ensure that we comply with environmental and product quality regulations. By improving our HSE performance, we help protect our 'licence to operate'. But the investment can also provide a commercial return. Examples of projects which ensure compliance but also generate incremental returns appear in the individual business reports.

Provisions for environmental restoration and remediation are made when a clean-up is probable and the amount is reasonably determinable. Generally, their timing coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites. The provisions we have made are, we believe, sufficient for known requirements. At the end of 1993, they stood at £345 million, compared with

£245 million in 1992.

The extent and cost of future environmental restoration and remediation programmes are inherently difficult to estimate. They depend on the magnitude of any possible contamination, the timing and extent of the corrective actions required and BP's share of liability relative to that of other responsible parties. Though the cost of future compliance could be significant, and may be material to the results of operations in the period in which they are recognised, we do not expect that such costs will have a material impact on the group's financial position or liquidity.

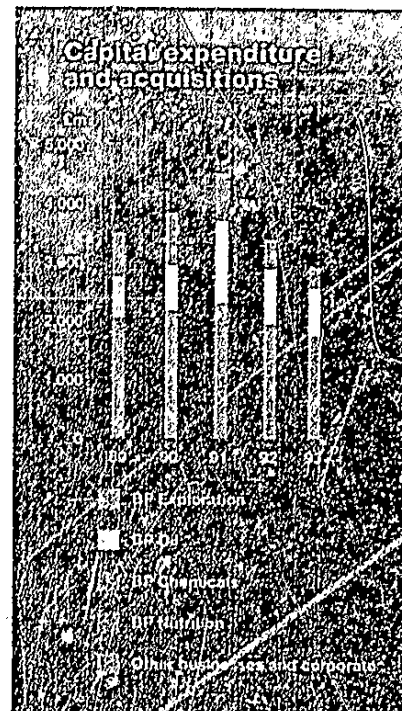
In addition, provisions are made for the dismantlement and abandonment of our worldwide oil and gas producing assets and related pipelines at the end of their useful lives. The balance of these provisions at the end of 1993 was £1,530 million, compared with £1,514 million at the end of 1992.

The cost of meeting society's environmental expectations is rising continuously and in the long run that cost must be reflected in the price the consumer pays. We do not believe our costs will differ significantly from those of other companies engaged in similar industries, or that our competitive position will be adversely affected as a result.

Financing the group's activities

Our main trading commodity, oil, is priced internationally in US dollars. Our foreign exchange management policy has been to minimise economic exposures from currency movements by financing with US dollar debt wherever possible, achieving this by currency swaps when funds have been raised in currencies other than US dollars.

One of the objectives we set last year was to reduce debt by around \$1 billion a year.





High proceeds from divestments, together with increased cash from operations and lower capital expenditure, have allowed us to exceed that target by a considerable margin. During the year, our debt fell to \$12.4 billion – a \$3.1 billion reduction (see upper chart). Since its peak in mid-1992, our debt has been cut by around \$4 billion. The sterling-accounted value of this debt fluctuates with exchange rates, but it also fell from £10.3 billion to £8.4 billion during the year. As a result, the debt to debt-plus-equity ratio at the end of 1993 improved to 46%, compared with 51% at the end of 1992.

During the year, we took action to enhance our debt repayment flexibility by using our Commercial Paper programme. In addition, substantial debt was called or refinanced using lower coupon tax-exempt bonds. Both these actions resulted in lower interest charges.

Although no new equity was issued to fund operations during 1993, £28 million of equity was raised from employee share schemes.

After reviews by the rating agencies in mid-1993, our debt ratings remained unchanged. We have a Moody's rating of A1 and a Standard and Poor's of AA-, reflecting recognition of the group's improving performance.

Financial risk management and foreign exchange

We actively manage both currency and interest rate risk. Because our cash flows are largely dollar-driven, we borrow mainly in US dollars and operate hedging programmes for any significant non-dollar cash requirements. On interest rate risk, we manage actively the balance between floating-rate and fixed-rate debt.

Fluctuations in exchange rates (see lower chart) can have a significant effect on BP's operating results. Many of these are subsumed

within our business operating profits through changing cost competitiveness, lags in market adjustment to movements in prices, or conversion differences accounted on specific transactions. For instance, the weakening in sterling from the fourth quarter of 1992 onwards increased the cost-competitiveness of our UK-based operations, including those in the North Sea. Profits and losses are also generated on currency management and trading activities.

As we have extensive overseas operations, notably in the USA, there can be exchange translation effects when we consolidate our results, and our assets and liabilities, into sterling. The weakening of sterling in 1993 (from an average dollar/sterling exchange rate of \$1.77 in 1992 to \$1.50 in 1993) means that our 1993 results benefited when they were translated into sterling.

The translation effect is illustrated by the rise in our 1993 replacement cost profit before exceptional items. When expressed in dollars it rose by 78%, whereas in our reported sterling result it showed a 110% increase.

Following a study completed in 1991, we decided that insurance was not an economic means of financing losses. Accordingly, the group now generally restricts its purchase of insurance to those situations where statutory or other legal requirements require us to do so. Losses will therefore be borne as they arise, rather than being spread over time through insurance premia with their attendant transaction costs.

Share price and dividend

During 1993, shareholders received dividend payments of 8.4 pence per share. At the start of 1993, BP's share price was 249 pence. During the year it rose by 45% and closed at 361 pence on 31 December 1993.

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 the group and of the profit or loss of the group 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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements.

Report of the auditors

To the Members of The British Petroleum Company p.l.c.

We have audited the accounts on pages 34 to 53, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 34 and 35.

Respective responsibilities of directors and auditors
As described above, 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 group'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 and of the group as at 31 December 1993 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young
Chartered Accountants
Registered Auditor
London
10 February 1994

Accounting policies

Change in accounting policy and presentation

From 1 January 1993, BP has adopted Abstract 6 of the United States Task Force of the Accounting Standards Board dealing with 'Accounting for Post-Retirement Benefits other than Pensions'. This extended the requirements of pension accounting to other post-retirement benefits, with the expected cost of providing these benefits now to be accrued during the period of employees' qualifying service. BP's previous accounting policy had been to recognise these costs as the benefits were paid. The unprovided obligation for other post-retirement benefits at 1 January 1993, amounting to £276 million, has been accounted as an adjustment to opening reserves. Comparative figures in the balance sheet at 31 December 1992 have been restated. The change had no material effect on reported income.

Minor changes in balance sheet presentation have resulted from the adoption of Financial Reporting Standard No. 4 'Capital Instruments' (FRS4) and comparative figures have been restated where applicable. Adoption of the new standard has had no material effect on reported income.

Accounting standards

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

Accounting convention

The accounts are prepared under the historical cost convention. Historical cost accounts show the profits available to shareholders and are the most appropriate basis for presentation of the group's balance sheet. The historical cost results include stock holding gains or losses.

Replacement cost

The results of individual businesses and geographical areas are presented on a replacement cost basis. Replacement cost operating results exclude stock holding gains or losses and reflect the average cost of supplies incurred during the year, and thus provide insight into underlying trading results. Stock holding gain or losses represent the difference between the replacement cost of sales and the historical cost of sales calculated using the first-in first-out method.

Stock valuation

Stocks are valued at cost to the group 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.

Group consolidation

The group accounts comprise a consolidation of the accounts of the parent company and all its subsidiary undertakings, except for a number of minor undertakings where the amounts involved are insignificant, and include the group proportion of the profits or losses and retained earnings of associated undertakings.

Foreign currencies

On consolidation, assets and liabilities of subsidiary undertakings are translated into sterling at closing rates of exchange. Income and cash flow statements are translated at average rates of exchange.

Exchange differences resulting from the retranslation of net investments in subsidiary and associated undertakings at closing rates, together with differences between income statements translated at average rates and at closing rates, are dealt with in reserves. Exchange gains and losses arising on long-term foreign currency borrowings used to finance the group'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 for the year.

Financial instruments

The group is a party to financial instruments primarily to manage its exposure to fluctuations in interest rates, foreign currency exchange rates and oil prices. Gains and losses on financial instruments designated and effective as hedges are accounted when the hedged transaction is recognised and are reported as a component of the related hedged transaction. Differentials to be paid or received under swap agreements are taken to income over the lives of the contracts. Financial instruments which do not qualify as hedges are marked to market and resulting gains and losses are included in income for the period.

Exploration expenditure

Exploration expenditure is accounted in accordance with the successful efforts method. Exploration expenditure is initially classified as an intangible fixed asset. When proved reserves of oil and gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets. All exploration expenditure determined as unsuccessful is charged against income. Exploration leasehold acquisition costs are amortised over the estimated period of exploration.

Exploration costs incurred under production-sharing contracts are classified as loans within fixed asset investments. Provisions are initially made against these loans in accordance with the successful efforts method. On the determination of proved oil and gas reserves in contract areas, provisions against expenditures which are thereby recoverable under contracts from future production are written back to income.

Depreciation

Oil production assets are depreciated using a unit-of-production method based upon estimated proved reserves. Other tangible and intangible assets are depreciated on the straight line method over their estimated useful lives.

Abandonment

Provision is made for the abandonment of production facilities to conform with local conditions and requirements on the basis of costs estimated as at balance sheet date. This provision is allocated over accounting periods using a unit-of-production method based on estimated proved reserves.

Petroleum revenue tax

The charge for petroleum revenue tax is calculated using a unit-of-production method.

Changes in unit-of-production factors

Changes in factors which affect unit-of-production calculations are dealt with prospectively, not by immediate adjustment of prior years' amounts.

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.

Leases

Assets held under leases which result in group companies 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.

Research

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

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.

Pensions and other post-retirement benefits

The cost of providing pensions and other post-retirement benefits 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 other provisions or debtors as appropriate. The amounts accrued for other post-retirement benefits and unfunded pension liabilities are included within other provisions.

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 and petroleum revenue tax. Provision is made for recovery anticipated where timing differences are expected to reverse in the foreseeable future.

Comparative figures

Certain previous years' figures have been restated to conform with the 1993 presentation.

Group income statement

		£ million	
For the year ended 31 December		1993	1992
	Note		
Turnover	4	34,950	33,250
Replacement cost sales		27,611	26,317
Production costs	5	589	995
Gross profit		6,750	5,938
Distribution and ad. administration expenses	6	4,228	4,265
Exploration expenditure written off		481	316
		2,031	1,357
Other income	8	470	527
Replacement cost operating profit	1	2,501	1,884
Profit (loss) on sale or termination of operations	3	(40)	70
Restructuring costs	3	(200)	(1,064)
Replacement cost profit before interest and tax	1	2,261	890
Stock holding gains (losses)	1	(284)	(106)
Historical cost profit before interest and tax		1,977	784
Interest expense	9	675	672
Profit before taxation		1,302	112
Taxation	10	685	565
Profit (loss) after taxation		617	(453)
Minority shareholders' interest		2	5
Profit (loss) for the year		615	(458)
Distribution to shareholders	11	468	569
Retained profit (deficit) for the year		187	(1,027)
Earnings (loss) per ordinary share	2	11.3p	(8.5)p


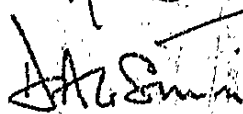
Replacement cost results

Historical cost profit (loss) for the year	615	(458)
Stock holding (gains) losses net of minority shareholders' interest	281	106
Replacement cost profit (loss) for the year	896	(352)
Exceptional items, net of tax	229	888
Replacement cost profit before exceptional items	1,125	536

Earnings per ordinary share			
On replacement cost profit before exceptional items	2	20.7p	9.9p

Balance sheets

At 31st January	Note	£ million			
		Group 1993	Group 1992	1993	Parent 1992
Fixed assets					
Intangible	18	777	1,285	-	-
Tangible	19	19,854	20,864	-	-
Investment	20	1,975	2,104	2,416	1,811
		<u>22,706</u>	<u>24,253</u>	<u>2,416</u>	<u>1,811</u>
Current assets					
Stocks	21	2,688	3,379	-	-
Debtors - amounts falling due:					
Within one year	22	4,369	5,884	3,289	3,618
After more than one year	22	1,064	1,024	100	81
Investments	23	84	71	-	-
Cash at bank and in hand		126	179	1	4
		<u>8,311</u>	<u>10,537</u>	<u>3,390</u>	<u>3,703</u>
Creditors - amounts falling due within one year:					
Finance debt	24	1,236	2,432	-	-
Other creditors	25	7,121	8,781	379	453
Net current assets		<u>(46)</u>	<u>(676)</u>	<u>3,011</u>	<u>3,250</u>
Total assets less current liabilities		<u>22,660</u>	<u>23,577</u>	<u>5,427</u>	<u>5,061</u>
Creditors - amounts falling due after more than one year:					
Finance debt	24	7,144	7,827	-	-
Other creditors	25	2,055	2,459	95	40
Provisions for liabilities and charges:					
Deferred taxation	10	248	226	-	-
Other provisions	26	3,365	3,207	21	16
Net assets		<u>9,848</u>	<u>9,858</u>	<u>5,311</u>	<u>5,005</u>
Minority shareholders' interest					
		100	155	-	-
BP shareholders' interest					
		<u>9,748</u>	<u>9,703</u>	<u>5,311</u>	<u>5,005</u>
Represented by					
Capital and reserves:					
Called up share capital	27	1,375	1,367	1,375	1,367
Share premium account	28	1,812	1,756	1,812	1,756
Capital redemption reserve		197	197	197	197
Reserves	29/30	6,364	6,383	1,927	1,685
		<u>9,748</u>	<u>9,703</u>	<u>5,311</u>	<u>5,005</u>

 Ashburton, Director
 David Simon, Director

10 February 1994

Group cash flow statement

For the year ended 31 December	Note	1993	£ million 1992
Net cash inflow from operating activities	31	4,397	3,494
Servicing of finance and returns on investments			
Interest received		112	134
Interest paid		(723)	(624)
Dividends received		71	79
Dividends paid		(439)	(775)
Net cash outflow from servicing of finance and returns on investments		(979)	(1,186)
Taxation			
UK corporation tax		(149)	(249)
Overseas tax		(532)	(258)
Tax paid		(681)	(507)
Investing activities			
Capital expenditures		(2,800)	(3,466)
Acquisitions	15	(38)	
Disposal proceeds	16	2,052	1,058
Net cash outflow from investing activities		(786)	(2,408)
Net cash inflow (outflow) before financing		1,951	(607)
Financing			
Issue of ordinary share capital		28	14
Long-term borrowing		290	1,050
Repayments of long-term borrowing		(1,341)	(1,170)
Short-term borrowing		544	754
Repayments of short-term borrowing		(1,399)	(403)
Net cash inflow (outflow) from financing		(1,878)	245
Increase (decrease) in cash and cash equivalents	31	73	(362)

Statement of total recognised gains and losses

Profit (loss) for the year	615	(458)
Currency translation differences	(200)	29
Total recognised gains and losses relating to the year	415	(167)
Prior year adjustment - change in accounting policy	(276)	
Total recognised gains and losses since last annual report	139	

Notes on accounts

Group income statement analysis

	£ million					
	1993			1992		
	Total sales	Sales between businesses	Sales to third parties	Total sales	Sales between businesses	Sales to third parties
Turnover						
By business						
Exploration and Production	7,115	3,018	4,097	6,795	3,360	3,435
Refining and Marketing	26,172	827	25,345	24,389	603	23,786
Chemicals	2,934	115	2,819	2,962	117	2,845
Nutrition	2,438	-	2,438	3,066	-	3,066
Other businesses and corporate	52	-	-	118	-	118
Total	38,711	3,960	34,750	37,330	4,080	33,250
By geographical area	Total sales	Sales between areas	Sales to third parties	Total sales	Sales between areas	Sales to third parties
UK (iii)	14,593	4,089	10,504	14,041	4,020	10,021
Rest of Europe	10,815	870	10,145	10,767	365	10,202
USA	10,476	101	10,375	9,898	280	9,618
Rest of World	4,839	813	3,926	4,332	923	3,409
Total	40,723	5,773	34,950	39,038	5,788	33,250

	Replacement cost operating profit (iv)	Exceptional items (iii)	Replacement cost before interest and tax	Replacement cost operating profit (iv)	Exceptional items (iii)	Replacement cost before interest and tax
Profit						
By business						
Exploration and Production	1,023	21	1,044	1,681	(126)	1,555
Refining and Marketing	810	(88)	722	304	(279)	25
Chemicals	(88)	(173)	(261)	(24)	(185)	(209)
Nutrition	58	1	59	73	(100)	(27)
Other businesses and corporate	(222)	(23)	(245)	(150)	(304)	(454)
Total	2,001	(240)	2,261	1,884	(994)	890
By geographical area						
UK (iii)	598	(74)	524	257	(419)	(162)
Rest of Europe	400	(88)	312	440	(109)	331
USA	974	(107)	867	909	(442)	467
Rest of World	469	29	498	278	(24)	254
Total	2,501	(240)	2,261	1,884	(994)	890

(i) Turnover to third parties is stated by origin which is not materially different from turnover by destination.

Transfers between group companies are made at market prices taking into account the volumes involved.

(ii) UK area includes the UK-based international activities of BP Oil.

(iii) Exceptional items comprise loss on sale or termination of operations £40 million (profit £70 million) and £200 million (£1,064 million) restructuring costs - see note 3.

(iv) Replacement cost operating profit is before stock holding gains and losses and interest expense, which is attributable to the corporate function.

	1993	1992
Stock holding gains (losses)		
By business		
Exploration and Production	(13)	(7)
Refining and Marketing	(254)	(94)
Chemicals	(17)	(5)
	(284)	(106)
By geographical area		
UK	(23)	11
Rest of Europe	(64)	(35)
USA	(138)	(82)
Rest of World	(59)	(2)
	(284)	(106)

2. Earnings (loss) per ordinary share

The calculation of earnings (loss) per ordinary share is based on the profit (loss) for the year less preference dividends, related to the weighted average of 5,435 million (5,105 million) ordinary shares in issue during the year. In addition to earnings per share based on the historical cost profit (loss) for the year, a further measure, based on replacement cost profit before exceptional items, is provided as it is considered that this measure gives an indication of underlying performance. A reconciliation of the two earnings per share measures is as follows:

	1993	1992
Profit (loss) for the year	11.3	(8.5)
Stock holding (gains) losses net of minority shareholders' interest	5.2	2.0
Replacement cost profit (loss) for the year	16.5	(6.5)
Exceptional items, net of tax	4.2	(3.4)
Replacement cost profit before exceptional items	20.7	9.9

Notes on accounts

Exceptional items

Exceptional items comprise profit (loss) on sale or termination of operations and restructuring costs, as follows:

	£ million	
	1993	1992
Profit on sale or termination of operations	(40)	70
Restructuring costs	(200)	(1,064)
Exceptional items	(240)	(994)
Taxation credit	11	106
Exceptional items after tax	(229)	(888)

(i) Sale or termination of operations

Additional information on sale or termination of operations is given in Note 15 - Disposals

(ii) Restructuring costs

The charge for restructuring in 1993 of £200 million arises from the fundamental restructuring of the group's European petrochemicals operations and includes the closure of the ethylene cracker at Baglan Bay in Wales.

The charge for 1992 followed a major review of the group's cost structures and assets.

Analysis of restructuring costs by business is as follows:

	£ million	
	1993	1992
Exploration and Production	-	185
Refining and Marketing	-	351
Chemicals	200	204
Nutrition	-	104
Other businesses and corporate	-	220
	200	1,064

(iii) Taxation

The effect of the exceptional items on the taxation charge is as follows:

	£ million	
	1993	1992
Sale or termination of operations	(4)	5
Restructuring costs	15	101
Taxation credit	11	106

In accordance with the group's policy for accounting for deferred taxation only partial relief for taxation has been recognised in respect of restructuring costs.

4 Turnover

	£ million	
	1993	1992
Sales and operating revenue	47,655	43,314
Customs duties and sales taxes	12,705	10,064
	34,950	33,250

5 Production taxes

	£ million	
	1993	1992
UK petroleum revenue tax	117	517
Overseas production taxes	472	478
	589	995

6 Distribution and administration expenses

	£ million	
	1993	1992
Distribution	4,032	4,047
Administration	196	218
	4,228	4,265

7 Depreciation and amounts provided

	£ million	
	1993	1992
Included in the income statement under the following headings:		
Depreciation:		
Replacement cost of sales	1,768	1,584
Distribution	363	333
Administration	31	28
Exceptional items	103	427
	2,265	2,372
Depreciation of capitalised leased assets included above	88	59
Amounts provided against fixed asset investments:		
Replacement cost of sales	10	18
Exploration expenditure	41	42
	57	60

8 Other income

	£ million	
	1993	1992
of profits of associated undertakings	216	245
from other fixed asset investments	26	29
interest and miscellaneous income	228	253
of listed investments included above	470	527
	2	7

9 Interest expense

	£ million	
	1993	1992
Loans with repayable within five years	317	370
Other loans	320	277
Finance leases	98	119
Capitalised	733	766
Charged against profit	60	94
	675	672

10 Taxation

	£ million	
	1993	1992
United Kingdom corporation tax:		
Current at 33%	433	457
Overseas tax relief	(188)	(206)
Deferred at 33%	267	251
	50	(6)
Advance corporation tax	317	245
	(51)	20
	266	265
Overseas:		
Current	355	262
Deferred	(37)	(21)
Associated undertakings	101	59
	419	300
Taxation charge for the year	685	565
Included in the charge for the year is a credit of £11 million (£106 million) relating to exceptional items.		

Provisions for deferred taxation

Analysis of movements during the year:	Provisions		Gross potential liability	
	1993	1992	1993	1992
At 1 January	226	214	1,544	1,628
Exchange adjustments	3	2	20	260
Charge (credit) for the year	13	(27)	145	(219)
Deletions/transfers	6	8	(59)	(125)
At 31 December	248	226	1,650	1,544
of which - United Kingdom	115	59	289	206
- Overseas	133	167	1,361	1,338
Analysis of provision:	1993	1992	1993	1992
Depreciation	1,102	1,143	3,321	3,423
Petroleum revenue tax	(500)	(574)	(600)	(574)
Other timing differences	(178)	(159)	(727)	(665)
Advance corporation tax	(178)	(184)	(444)	(640)
	248	226	1,650	1,544

If provision for deferred taxation had been made on the basis of the gross potential liability the taxation charge for the year would have been increased (decreased) as follows:

	1993	1992
United Kingdom	78	(56)
Overseas	54	(136)
	132	(192)

Provisions for deferred taxation are shown after deduction of advance corporation tax previously included in creditors for taxation on profit. Deferred taxation is not generally provided in respect of liabilities which may arise on the distribution of accumulated reserves of overseas subsidiary and associated undertakings.

Notes on accounts

Depreciation charges and expenditure on research

	1993		1992	
			£ million	
Expenditure on research:				
under operating leases:				
Plant and machinery	247		272	
Other	148		178	
Expenditure on research	202		199	
Expenditure on research	597		649	
Expenditure on research	237		315	

12 Auditors' remuneration

	1993		1992	
	UK	Total	UK	Total
Group audit fees - Ernst & Young	2.0	6.0	3.1	6.4
Other	-	0.2	-	0.2
Fees for other services* - Ernst & Young	2.8	6.2	3.1	6.6
Other	4.2	11.3	2.9	7.7

*Consultancy, tax and other advisory services and compliance with overseas regulatory requirements.
Group audit fees includes £0.3 million (£0.3 million) in respect of the parent company.

13 Distribution to shareholders

	Pence per share		£ million	
	1993	1992	1993	1992
Preference dividends (non-equity)			1	1
Ordinary dividends:				
First quarterly	2.10	4.20	114	227
Second quarterly	2.10	2.10	114	113
Third quarterly	2.10	2.10	114	114
Fourth quarterly	2.10	2.10	115	114
	8.40	10.50	458	569

14 Group balance sheet analysis

	Capital expenditure and acquisitions		Operating capital employed (ii)	
	1993	1992	1993	1992
By business				
Exploration and Production	1,751	1,936	11,086	11,357
Refining and Marketing	874	977	6,250	6,795
Chemicals	222	133	2,170	2,355
Nutrition	49	108	378	949
Other businesses and corporate	60	86	(1,217)	(556)
Total	2,902	3,442	18,971	21,068
By geographical area				
UK (i)	807	1,288	6,113	6,267
Rest of Europe	480	609	2,640	3,630
USA	837	808	6,443	7,253
Rest of World	778	737	3,775	3,918
Total	2,902	3,442	18,971	21,068
(i) UK area includes the UK-based international activities of BP Oil				
(ii) Operating capital employed			18,971	21,068
Liabilities for current and deferred taxation			(743)	(958)
Capital employed			18,228	20,110
Financed by:				
Finance debt			8,380	10,259
Minority shareholders' interest			100	155
BP shareholders' interest			9,748	9,703
			18,228	20,117

15 Acquisitions

In 1993 the group acquired an additional 6.5% of the share capital of BP France, for a cash consideration of £38 million following a public

offer to minority shareholders. This has taken the group's interest in BP France to 92.5%. There were no acquisitions in 1992.

Disposals

The group completed a major portion of the managed exit from its business, including the sale of the consumer foods, chemicals, and Parina Mills operations. Total consideration, net of disposal costs, was £664 million. Other disposals included the sale of exploration and production assets in the USA and oil retail assets in Sweden; and the Ferndale oil refinery, oil retail and chemical assets in the USA. In addition, the sale of the group's remaining minerals interests was completed and the balance of the proceeds from the 1992 sale of Canadian assets was received. Provisions for the closure of the former oil refinery site in Hamburg, together with provisions associated with a previously divested operation, offset the profit on divestments of £50 million and resulted in an overall loss on sale or termination of £40 million.

Divestments in 1992 included sales of exploration and production assets in Canada and Egypt; oil marketing assets in Europe and West Africa; and Chemicals assets in the UK and Europe. Profits on these divestments were reduced by £167 million for anticipated losses on disposal of the

group's remaining minerals interests in Australia and on retail sites in the USA. The amount shown as disposal proceeds within investing activities in the group cash flow statement comprises:

	£ million	
	1993	1992
Intangible assets	119	122
Tangible assets	1,153	412
Fixed assets - investments	305	450
Working capital	317	175
Other	29	(27)
	1,923	1,132
Profit (loss) on sale or termination	(40)	70
Total consideration	1,883	1,202
Deferred consideration	123	(143)
Cash and cash equivalents sold	46	(1)
Net cash inflow	2,052	1,058

17 Financial Instruments

In the normal course of business the group is a party to financial instruments with off-balance sheet risk, primarily to manage its exposure to fluctuation in foreign currency exchange rates, interest rates and oil prices. The group enters into foreign currency contracts to convert the liability for foreign currency borrowings and associated costs into US dollars. The group uses interest rate contracts to vary the amounts and periods for which interest rates on borrowings are fixed. Similarly, the group is a party to oil price contracts in order to hedge exposure to price fluctuations which arise on purchases and sales of crude oil and oil products. The group also trades speculatively certain financial instruments, namely foreign exchange futures and options.

These financial instruments involve, to varying degrees, credit and market risk. The group controls the credit risk arising from holding financial instruments through credit approvals, limits and monitoring procedures. In line with normal commercial practice the group does not usually require collateral or other security to support financial instruments with credit risk.

Market risk is the possibility that a change in interest rates or currency exchange rates will cause the value of a financial instrument to decrease or become more costly to settle. When financial instruments are used for the purpose of hedging they do not expose the group to market risk because gains and losses on the instruments offset losses and gains on the asset, liability or transaction being hedged. When financial instruments are not hedges, the exposure of the group to market risk is limited to

changes in their market values rather than the contract or notional amounts.

The following table, which is required disclosure for US reporting, shows the contract or notional amount of the financial instruments with off-balance sheet risk. While the amounts indicate the magnitude of these transactions, they do not represent the group's exposure to credit loss in the event of non-performance by the counterparty. The group does not expect non-performance by the counterparties.

	£ million	
Contract or notional amount at 31 December	1993	1992
Interest rate contracts	4,019	4,072
Foreign exchange contracts	7,043	10,879
Oil price contracts	818	405

Interest rate contracts include forward rate agreements, futures contracts and swap agreements. Foreign exchange contracts include forward and futures contracts, swap agreements and options. Oil price contracts are those which require settlement in cash and include futures contracts, swap agreements and options.

In addition to the above financial instruments, the group has issued third party guarantees and indemnities amounting to £266 million (£337 million). The credit risk and maximum cash requirements of these financial instruments is the full contractual amount, however no material loss is expected to arise.

18 Intangible assets

	£ million			
	Exploration expenditure	Goodwill	Other intangibles	Total
Cost				
At 1 January 1993	1,243	248	277	1,768
Exchange adjustments	5	(4)	(5)	(4)
Additions	390	-	6	396
Transfers	(314)	-	-	(314)
Deletions	(474)	(82)	(122)	(678)
At 31 December 1993	850	162	156	1,168
Depreciation				
At 1 January 1993	206	152	125	483
Exchange adjustments	3	(3)	1	1
Charge for the year	450	30	16	496
Transfers	(10)	-	-	(10)
Deletions	(470)	(39)	(50)	(559)
At 31 December 1993	179	120	92	391
Net book amount				
At 31 December 1993	671	42	64	777
At 31 December 1992	1,037	86	152	1,285

Notes on accounts

Tangible assets – property, plant and equipment

	Exploration and Production	Refining and Marketing	Chemicals	Nutrition	Other	Total	£ million
							of which: Assets under construction
At 1 January 1993	24,361	9,450	3,360	1,096	1,144	39,413	3,087
Exchange adjustments	238	(136)	(18)	(16)	5	73	123
Additions	1,199	767	126	72	31	2,195	1,622
Transfers	423	136	34	(2)	(308)	283	(2,673)
Deletions	(277)	(884)	(343)	(670)	(322)	(2,460)	(1,368)
At 31 December 1993	25,986	9,329	3,159	480	550	39,504	1,791
Depreciation							
At 1 January 1993	11,516	4,301	1,728	576	428	18,549	
Exchange adjustments	141	(55)	(11)	(16)	10	69	
Charge for the year	1,358	523	250	53	53	2,237	
Transfers	69	53	19	(2)	(137)	2	
Deletions	(177)	(479)	(251)	(363)	(37)	(1,307)	
At 31 December 1993	12,907	4,343	1,735	248	317	19,550	
Net book amount							
At 31 December 1993	13,076	4,986	1,424	232	233	19,954	1,791
At 31 December 1992	12,847	5,149	1,632	520	716	20,864	3,087
Principal rates of depreciation	*	2-25%	5-12%	3-25%	5-25%		

*Mainly unit-of-production

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

	Leased assets			Capitalised interest		
	Cost	Depreciation	Net	Cost	Depreciation	Net
At 31 December 1993	1,442	448	994	1,819	746	773
At 31 December 1992	1,447	408	1,039	1,474	675	799

	Freehold land		Leasehold land	
	Over 50 years unexpired	Other	Over 50 years unexpired	Other
At 31 December 1993	704	10	67	57
At 31 December 1992	778	7	50	50

20 Fixed assets – investments

Group	Associated undertakings				Loans	Other	Total
	Shares	Loans	Share of related profits	Other			
Cost							
At 1 January 1993	750	438	445	642	36	2,311	
Exchange adjustments	(20)	10	(17)	(12)	(2)		
Additions	61	79	(19)	128	5	254	
Transfers	23	—	—	8	—	31	
Deletions	(36)	(57)	—	(267)	(8)	(368)	
At 31 December 1993	778	470	418	499	31	2,196	
Amounts provided							
At 1 January 1993	24	—	—	181	2	207	
Exchange adjustments	—	—	—	4	(1)	3	
Provided in the year	2	—	—	55	—	57	
Transfers	—	—	—	8	—	8	
Deletions	(7)	—	—	(47)	—	(54)	
At 31 December 1993	19	—	—	201	1	221	
Net book amount							
At 31 December 1993	780	470	418	298	30	1,976	
At 31 December 1992	726	438	445	461	34	2,104	

Loans include advances under production-sharing contracts of £381 million (£300 million) less amounts provided of £197 million (£144 million). Other investments are unlisted.

20 Fixed assets - Investments *Continued*

Parent				£ million
	Subsidiary undertakings Shares	Associated undertakings Shares	Loans	Total
Cost				
At 1 January 1993	1,811	3	1	1,815
Increases	657	3	-	660
Decreases	(50)	(3)	-	(53)
At 31 December 1993	2,418	3	1	2,422
Amounts provided				
At 1 January 1993	3	-	1	4
Provided for the year	1	1	-	2
At 31 December 1993	4	1	1	6
Net book amount				
At 31 December 1993	2,414	2	-	2,416
At 31 December 1992	1,808	3	-	1,811

The investments in subsidiary and associated undertakings are almost entirely unlisted.

21 Stocks

	£ million	
	1993	1992
Petroleum	1,051	2,322
Chemicals	250	330
Nutrition	122	287
Other	43	87
Stores	2,366	3,026
	302	353
	2,668	3,379
Replacement cost	2,725	3,463

22 Debtors

	£ million							
	Group				Parent			
	1993		1992		1993		1992	
	Within 1 year	After 1 year	Within 1 year	After 1 year	Within 1 year	After 1 year	Within 1 year	After 1 year
Trade	3,263	-	4,318	14	3,286	93	3,609	71
Group undertakings	-	-	-	-	-	-	-	-
Associated undertakings	59	2	137	3	-	-	-	-
Prepayments and accrued income	203	87	530	110	-	-	-	-
Taxation recoverable	104	103	88	202	2	-	4	-
Pension prepayment	-	712	-	619	-	-	-	-
Other	650	80	811	76	1	7	5	10
	4,380	1,004	5,884	1,024	3,288	100	3,618	81

23 Current assets - Investments

	£ million	
	1993	1992
Listed - UK	28	37
- Foreign	20	55
Unlisted	48	46
	36	25
	84	71
Stock exchange value of listed investments	53	53

Debt on accounts

24 Dec 1993

	1993		1992	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Bank loans	384	728	642	820
Other loans	770	5,203	1,731	5,743
Obligations on leases	82	1,213	59	1,264
	1,236	7,144	2,432	7,827

Analysis of bank loans and overdrafts and other loans

	1993			1992		
	Bank loans and overdrafts	Other loans	Total	Bank loans and overdrafts	Other loans	Total
Due after 10 years	-	954	954	38	1,262	1,300
Due within 6 to 10 years	172	2,213	2,385	224	2,771	2,995
5 years	108	518	626	138	517	655
4 years	120	580	700	146	691	837
3 years	183	824	1,007	185	319	504
2 years	145	314	459	89	477	566
	728	5,203	5,931	820	5,743	6,563
1 year	384	770	1,154	642	1,731	2,373
	1,112	5,973	7,085	1,462	7,474	8,936

Secured on assets of group companies

9 3 12 24 9 33

Analysis by currency	Weighted average interest rate	£ million	
	%	1993	1992
Sterling	7	41	262
US dollars	7	6,720	7,778
Australian dollars	9	14	42
Deutschmarks	8	8	318
French francs	9	90	108
Singapore dollars	8	10	108
Other currencies	7	190	320
		7,086	8,936

Where the liability for any borrowing is swapped into another currency the borrowing is accounted in the swap currency and not in the original currency of denomination.

In accordance with FRS4, finance debt at 31 December 1992 includes £100 million in respect of a subsidiary's preference shares, guaranteed by the parent company, previously reported within minority shareholders' interest. These were redeemed in 1993.

Obligations under finance leases

Minimum future lease payments payable within:

- 1 year
- 2 to 5 years
- Thereafter

Less finance charges

Net obligations

As 31 December 1993 the group had substantial amounts of undrawn borrowing facilities available, including approximately £2,400 million (£2,900 million) which was covered by financial commitments.

Information relating to loans wholly or partly repayable more than five years from 31 December is as follows:

	£ million	
	1993	1992
Wholly repayable after five years	3,123	3,874
Payable by instalments - after five years	216	527
- within five years	603	638
	3,942	4,039

Interest rates on these debts range from 4% to 10% with a weighted average of 7%.

	£ million	
	1993	1992
	99	81
	491	487
	3,286	3,591
	3,878	4,159
	2,581	2,830
	1,295	1,323

25 Other creditors

	Group				£ million			
	1993		1992		1993		1992	
	Within 1 year	After 1 year	Within 1 year	After 1 year	Within 1 year	After 1 year	Within 1 year	After 1 year
Total	2,838	7	3,555	9	-	-	-	-
Group companies	-	-	-	-	27	85	65	40
Associated companies	192	1	249	1	-	-	-	-
Production	331	1,672	359	1,823	-	-	-	-
Taxation	782	-	1,015	-	-	-	-	-
Social security	38	-	39	-	85	-	107	-
Accruals and deferred income	1,196	315	1,615	333	8	-	16	-
Dividends	230	-	228	-	230	-	31	-
Other	1,516	160	1,721	293	5	-	6	-
	7,121	2,055	5,781	2,419	379	95	453	40

26 Other provisions

	Group				£ million	
	Abandonment	Environmental	Unfunded pension plans	Other post-retirement benefits	Other	Total
At 1 January 1993	1,514	245	814	516	118	3,207
Exchange adjustments	19	6	(36)	7	9	7
Charged to income	9	131	130	53	51	374
Utilised	(11)	(37)	(109)	(46)	(17)	(220)
At 31 December 1993	1,530	345	799	530	161	3,365

The balances at 1 January 1993 for Environmental and Other post-retirement benefits include reclassification of amounts previously included within Other creditors.

Other includes patent company (£21 million) (£16 million).

27 Called up share capital

No change was made during 1993 to the parent company's authorised share capital of £2,000 million.

The allotted share capital at 31 December was as follows:

	1993		1992	
	Shares	£ million	Shares	£ million
Non-equity				
8% (now 5.6% + tax credit) cumulative first preference shares of £1 each	7,232,838	7	7,232,838	7
9% (now 6.3% + tax credit) cumulative second preference shares of £1 each	5,473,414	5	5,473,414	5
Equity				
Ordinary shares of 25p each	8,451,081,789	1,303	5,418,632,999	1,355
		1,373		1,367

First and second preference shareholders have two votes for every £5 in nominal value held.

Ordinary shareholders have one vote for each share held.

During 1993 8,753,514 ordinary shares were issued under the share dividend plan by capitalisation of share premium account. In addition, 23,631,080 ordinary shares were issued during the year under employee share schemes and 14,196 in respect of Standard Oil warrants.

28 Share premium account

	£ million	
	1993	1992
At 1 January	1,760	1,729
Employee share schemes	58	30
Share dividend plan	(2)	(3)
At 31 December	1,812	1,756

The accounting for share dividend plans has been revised following adoption of IFRS4. All shares issued under the share dividend plans are now recorded as bonus issues and accordingly the balance on share premium account at 31 December 1992 has been reduced by £200 million (£173 million) with a corresponding increase in reserves. Previously, share dividends were accounted as if the equivalent cash dividends had been re-invested in shares.

Notes on accounts

29 Reserves

Group reserves include the following amounts, the distribution of which is limited by statutory or other restrictions:

	1993	1992
Parent company	10	10
Group undertakings	1,983	1,652
Group reserves	832	644
	2,025	2,306

Group translation differences for the year include unrealised gains of £1 million (1992 £33 million loss) on long-term foreign currency borrowings.

As a consolidated income statement is presented, a separate income statement for the parent company is not required to be published. The profit for the year of the group dealt with by the parent company, and the reserves of the parent company are as follows:

	1993	1992
At 1 January	1,685	2,065
Profit for the year	676	162
Distribution to shareholders	(458)	(569)
Share dividend plan	24	27
At 31 December	1,927	1,685

30 Reconciliation of movements in shareholders' interest

For the year ended 31 December	Note	1993	1992
Profit (loss) for the year		615	(458)
Currency translation differences		(500)	291
Distribution to shareholders	1)	(488)	(569)
Share dividend plan		24	27
Movement in group reserves		(10)	(709)
Shares issued		84	34
Net increase (decrease) in shareholders' interest		45	(675)
Shareholders' interest at 1 January		9,703	10,654
Shareholders' interest at 31 December		9,748	9,979
Prior year adjustment - change in accounting policy			(276)
At 31 December 1992 - as restated			9,703

31 Group cash flow statement analysis

(i) Reconciliation of historical cost profit before interest and tax to net cash inflow from operating activities

	1993	1992
Historical cost profit before interest and tax	1,977	784
Depreciation	2,279	2,390
Exploration expenditure written off	191	364
Share of profits of associated undertakings, dividends and interest receivable	(337)	(389)
(Profit) loss on disposals	40	(70)
Charge for provisions	374	151
Utilisation of provisions	(220)	(119)
Decrease in stocks	403	30
Decrease in debtors	838	223
Increase (decrease) in creditors	(1,448)	130
Net cash inflow from operating activities	4,397	3,194

Net cash inflow from operating activities is after cash outgoings of £230 million (£225 million) relating to 1992 restructuring costs.

(ii) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1993	Change in year	1992	Change in year	1991
Cash at bank and in hand	128	(83)	179	(36)	215
Short term investments	41	18	28	(321)	348
Bank overdrafts	170	(37)	207	(357)	564
	(377)	98	(473)	(36)	(437)
	(207)	69	(266)	(393)	127

(iii) Analysis of changes in cash and cash equivalents during the year

	1993	1992
Balance at 1 January	(266)	127
Net cash inflow (outflow)	73	(362)
Exchange adjustments	(14)	(31)
Balance at 31 December	(207)	(266)

31 Group cash flow statement analysis *Continued*

(iv) Analysis of changes in financing during the year

	£ million			
	1993		1992	
	Share capital *	Finance debt	Share capital *	Finance debt
Balance at 1 January	3,123	10,250	3,089	8,254
Cash inflows (outflows) from financing	28	(1,006)	14	231
Employee share schemes	36	-	20	-
Loans and finance lease obligations of subsidiaries divested	-	(13)	-	(40)
New finance leases	-	80	-	106
Movement in bank overdrafts (cash equivalents)	-	(96)	-	36
Exchange adjustments	-	76	-	1,672
Balance at 31 December	3,187	8,380	3,123	10,259

*including share premium

(v) Commercial paper

Net movements in commercial paper are included within short-term borrowings or repayment of short-term borrowings as appropriate.

32 Contingent liabilities

There were contingent liabilities at 31 December 1993 in respect of guarantees and indemnities entered into as part of, and claims arising from, the ordinary course of the group's business, upon which no material losses are likely to arise.

Subsidiaries of BP America Inc. are engaged in administrative proceedings in which the State of Alaska is challenging the subsidiaries' valuation of crude oil for production tax purposes since 1979 and their determination of taxable income for income tax purposes for the years 1978-81. BP believes that its subsidiaries have complied with applicable tax legislation and the subsidiaries are disputing the State's claims. While the amounts claimed and subject to claim are substantial, it is believed that the ultimate resolution will not have a material effect on the financial position, liquidity or results of operations of the group.

Approximately 200 lawsuits are being pursued in State and Federal Courts in Alaska seeking compensatory and punitive damages arising out of the Exxon Valdez oil spill in Prince William Sound in March 1989. Most of those suits name Exxon, Alyeska Pipeline Service Company ('Alyeska'), which operates the oil terminal at Valdez, and the seven oil companies which own Alyeska. Alyeska initially responded to the spill until the response was taken over by Exxon. BP owns a 50% interest in Alyeska through a subsidiary of BP America Inc. During 1993, Alyeska and its owners settled substantially all of these lawsuits except for a small number of plaintiffs who opted out of the settlements. The accounts reflect the group's share of the estimated cost of the settlements. Although the courts approved the settlements in 1993, the

approval is not final and has been appealed by Exxon on the grounds, inter alia, that the settlements may affect as yet unasserted claims between Exxon and Alyeska arising out of the oil spill. BP is unable to quantify the amounts that may be at issue. If any claims are asserted by Exxon which affect Alyeska and its owners, BP would defend the claims vigorously.

The group is subject to numerous national and local environmental laws and regulations concerning its products, operations and other activities. These laws and regulations may require the group to take future action to remediate the effects on the environment of prior disposal or release of chemical or petroleum substances by the group or other parties. Such contingencies may exist for various sites including refineries, chemical plants, oil fields, service stations, terminals and waste disposal sites. In addition, the group may have obligations relating to prior asset sales or closed facilities. The ultimate requirement for remediation and its cost is inherently difficult to estimate. However, the estimated cost of known environmental obligations has been provided in these accounts in accordance with the group's accounting policies. While the amounts of future costs could be significant and could be material to the group's results of operations in the period in which they are recognised, BP does not expect these costs to have a material effect on the group's financial position or liquidity.

The parent company has issued guarantees under which amounts outstanding at 31 December 1993 were £6,819 million (£8,126 million) including £6,781 million (£8,008 million) in respect of borrowings by its subsidiary undertakings.

33 Lease commitments

	£ million			
	1993		1992	
	Land and buildings	Other	Land and buildings	Other
Annual commitments under operating leases:				
Expiring within: 1 year	18	35	32	113
2 to 5 years	23	100	35	120
Thereafter	70	20	89	25
	119	169	156	258

34 Capital commitments

Authorised future capital expenditure by group companies is estimated at £3,900 million (£4,100 million) including approximately £1,020 million (£1,200 million) for which contracts have been placed.

Notes on accounts

35 Directors and employees

	£ million	
	1993	1992
(a) Employee costs:		
Wages and salaries	2,006	2,280
Social security costs	231	241
Pension costs	156	158
	2,393	2,679

	1993	1992
	(b) Employees at 31 December:	
Exploration and Production	7,160	7,200
Refining and Marketing	40,600	48,900
Chemicals	15,150	17,300
Nutrition	7,800	18,950
Corporate	950	1,900
Other businesses/shared services	950	3,400
	72,600	97,650

(c) Average number of employees:	1993					1992				
	UK	Rest of Europe	USA	Rest of World	Total	UK	Rest of Europe	USA	Rest of World	Total
Exploration and Production	4,050	600	1,550	1,000	7,200	4,050	600	1,950	1,300	7,900
Refining and Marketing	7,700	11,400	17,100	9,300	45,600	8,300	12,750	21,250	9,900	52,200
Chemicals	6,350	4,400	3,800	1,700	16,250	7,600	4,650	4,750	1,750	18,750
Nutrition	2,050	6,550	1,950	2,050	12,600	3,900	9,850	3,800	2,650	20,200
Other businesses/corporate	1,750	200	600	400	2,950	4,450	300	1,250	700	6,700
	21,900	23,150	25,000	14,450	84,500	28,300	28,150	33,000	16,300	105,750

(d) Remuneration of directors:

(i) Emoluments of directors were as follows:

	£ thousand					
	Chairman		Highest paid director		All directors	
	1993	1992	1993	1992	1993	1992
Fees	—	—	—	—	161	181
Basic emoluments	175	336	370	348	2,025	2,585
Annual performance related payments	—	—	240	187	1,335	858
	175	336	610	535	4,321	3,624
Pension scheme contributions	—	35	40	51	227	314

BP's executive directors are all members of a non-contributory pension scheme established for UK staff by a separate trust fund to which contributions are made by BP based on actuarial advice. Aggregate contributions to the pension scheme for 1993 in respect of all of its participants constituted approximately 11% (1992 15%) of total pensionable salaries for the year. Since the proportion of the total contributions paid to the fund in respect of any individual member is not ascertainable, the pension scheme contributions shown above have been calculated by applying the overall rate of 11% (15%) to the pensionable salaries of executive directors.

(ii) Emoluments of directors excluding pension contributions were within the following bands:

	1993	1992
5,001 - 10,000	—	1
15,001 - 20,000	1	1
20,001 - 25,000	2	1
25,001 - 30,000	1	2
30,001 - 35,000	2	3
40,001 - 45,000	1	—
45,001 - 50,000	1	1
90,001 - 95,000	—	1
105,001 - 110,000	—	1
110,001 - 115,000	—	1
170,001 - 175,000	1	—
240,001 - 245,000	—	1
290,001 - 295,000	—	1
295,001 - 300,000	—	1
340,001 - 345,000	—	1
390,001 - 395,000	—	1
430,001 - 435,000	—	1
470,001 - 475,000	1	—
480,001 - 485,000	1	—
515,001 - 520,000	1	—
520,001 - 525,000	—	1
530,001 - 535,000	—	1
590,001 - 595,000	1	—
595,001 - 600,000	1	—
610,001 - 615,000	1	—
615,001 - 620,000	1	—

The remuneration of BP's executive directors is set by the Compensation Committee which comprises 2 non-executive directors and the Chairman.

The remuneration package for senior executives including executive directors comprises base salary, annual performance related bonus and a long-term performance plan. The overall aim is to attract and retain superior executive talent and to motivate those individuals by placing significant emphasis on incentive that is linked to performance. The annual performance related awards are determined against performance contracts agreed annually in advance with the Compensation Committee. Awards are made at the discretion of the Committee.

The executive directors in common with other senior international executives are participants in the long-term performance plan introduced in January 1991. This is referred to in note 38. Executives eligible for the long-term performance plan are not generally considered for grants under the executive share option scheme.

(iii) 1992 Chairman's emoluments comprise £245,000 for R. B. Horton for the period to 25 June 1992 and £91,000 for Lord Ashburton for the period from 26 June 1992.

(iv) Compensation to director for loss of office. In 1992 the former Chairman received £780,000 as compensation for loss of office. A group pension plan also received a special contribution of £722,740 in respect of that director.

(v) Pensions paid, commutations of pensions and other superannuation payments to directors and former directors and their dependants amounted to £3,602,000 (£4,858,000).

Notes on accounts

39 Subsidiary and associated undertakings and joint ventures

The more important subsidiary and associated undertakings and joint ventures of the group at 31 December 1993 and the group percentage of equity capital or joint venture interest (to 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 parent company are marked with an asterisk, the percentage owned being that of the group unless otherwise indicated. A complete list of investments in subsidiary and associated undertakings and joint ventures 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	Chemicals	
BP Exploration	100	Scotland	Exploration and production	
* BP International	100	England	Integrated oil operations	
BP Oil International	100	England	Integrated oil operations	
BP Exploration Operating Company	100	England	Exploration and production	
* BP Shipping	100	England	Shipping	
Europe				
UK				
BP Capital	100	England	Finance	
BP Chemicals	100	England	Chemicals	
BP Oil UK	100	England	Refining and marketing	
* Britoil (parent 15%)	100	Scotland	Exploration and production	
Austria				
* BP Austria	100	Austria	Marketing	
Belgium				
BP Belgium	100	Belgium	Marketing, chemicals and finance	
France				
BP France	92	France	Refining and marketing and chemicals	
Germany				
Deutsche BP	100	Germany	Refining and marketing	
Greece				
BP Greece	100	England	Marketing	
Netherlands				
BP Capital	100	Netherlands	Finance	
BP Nederland	100	Netherlands	Refining and marketing	
BP Nutrition International	100	Netherlands	Nutrition	
Associated undertakings	%	Country of incorporation	Principal activities	Issued share capital
Abu Dhabi				
Abu Dhabi Gas Liquefaction	16	Abu Dhabi	Natural gas liquefaction	103 million shares of US\$1
Abu Dhabi Marine Areas	37	England	Crude oil production	1.65 million shares of £1
Abu Dhabi Petroleum	24	England	Crude oil production	11.21 million ordinary shares of £1
Germany				
Erdölchemie	50	Germany	Chemicals	DM320 million
Ruhrgas	25	Germany	Gas distribution	36 million shares of DM50
Joint Ventures	%	Principal place of business	Principal activities	
Bruce field	37	UK - Offshore	Exploration and production	
Forties field	85	UK - Offshore	Exploration and production	
Magnus field	85	UK - Offshore	Exploration and production	
Miller field	40	UK - Offshore	Exploration and production	
Wytch Farm	50	UK - Onshore	Exploration and production	
Ula field	58	Norway - Offshore	Exploration and production	
North West Shelf	17	Australia	Natural gas production and shipping	
Endicott field	57	USA Alaska	Exploration and production	
Kuparuk field	39	USA Alaska	Exploration and production	
Milne Point field	31	USA Alaska	Exploration and production	
Prudhoe Bay field	51	USA Alaska	Exploration and production	
Trans Alaska Pipeline	50	USA Alaska	Pipelines	
Cusiana/Cupiagua	19	Colombia	Exploration and production	

40 Oil and gas exploration and production activities (i)

	1993					1992				
	UK	Rest of Europe	USA	Rest of World	Total	UK	Rest of Europe	USA	Rest of World	Total
Capitalised costs at 31 December										
Gross capitalised costs:										
proved properties	8,847	1,100	9,886	1,477	21,310	8,562	1,074	9,282	1,276	20,194
unproved properties	244	10	203	407	864	379	19	233	341	972
Accumulated depreciation	9,091	1,110	10,089	1,884	22,174	8,941	1,093	9,515	1,617	21,166
Net capitalised costs	3,714	471	5,668	466	10,319	3,157	411	5,234	331	9,133
	5,377	639	4,821	1,418	11,855	5,784	682	4,281	1,286	12,033
Costs incurred for the year ended 31 December										
Acquisition of properties:										
proved	12	"	16	-	28	-	-	-	-	-
unproved	3	1	6	58	68	-	-	1	25	26
	19	1	22	58	96	-	-	1	25	26
Exploration and appraisal costs (ii)	148	26	93	164	391	173	33	49	163	418
Development costs	331	86	451	169	1,037	480	60	382	197	1,119
Total costs	494	113	526	391	1,824	653	93	432	385	1,563
Results of operations for the year ended 31 December										
Turnover: (iii)										
third parties	1,760	309	1,302	158	3,720	1,514	250	1,489	156	3,409
sales between businesses	440	24	279	751	1,494	510	46	240	710	1,506
	2,200	324	1,781	909	5,214	2,024	296	1,729	866	4,915
Exploration expenditure	260	34	66	131	491	87	28	81	120	316
Production costs	396	82	385	67	930	488	67	368	101	944
Production taxes	101	-	221	251	673	477	-	233	245	955
Other costs (income) (iv)	180	10	95	309	694	124	(5)	89	327	535
Depreciation	663	83	397	71	1,214	584	80	395	41	1,100
Abandonment (v)	(56)	1	37	2	(10)	(30)	3	33	2	8
	1,544	212	1,201	831	3,708	1,650	173	1,199	836	3,858
Profit before taxation (vi)	656	112	560	78	1,426	374	123	530	30	1,057
Allocable taxes	253	50	207	3	513	170	54	218	(7)	435
Results of operations (vii)	403	62	373	75	913	204	69	312	37	622

(i) This note relates to the requirements contained within UK Statement of Recommended Practice - Disclosures about oil and gas exploration and production activities. Mid-stream activities of natural gas gathering and distribution and the operation of the main pipelines and tankers are excluded. The main mid-stream activities are the Alaskan transportation facilities, the Portles Pipeline system and Ruhrgas gas distribution operations. Profits on sale of operations and restructuring costs relating to the oil and gas exploration and production activities, which have been accounted as exceptional items, are excluded.

(ii) All exploration and appraisal costs are initially capitalised within intangible fixed assets in accordance with BP group accounting policy.

(iii) Turnover represents sales of production excluding royalty oil where royalty is payable in kind.

(iv) Includes cost of royalty oil not taken in kind and property taxes.

(v) The credit for UK abandonment for 1993 and 1992 reflected the release of provisions relating to certain North Sea production facilities where amounts provided were in excess of the estimated total costs of abandonment. The net effect, after petroleum revenue tax and allocable taxes, resulted in a credit to results of operations of £30 million (£10 million).

(vi) The exploration and production business replacement cost operating profit comprises

	£ million	
	1993	1992
Exploration and production activities (as above)	1,426	1,057
Cost of sales adjustment	13	7
Mid-stream activities	484	617
	1,923	1,681

(vii) Income from the group's share of oil and gas produced by associated undertakings is included within results of operations.

Supplementary information on oil and gas quantities

Movements in estimated net proved reserves of crude oil (i)

millions of barrels

Subsidiary undertakings:	1993					1992				
	UK	Rest of Europe	USA	Rest of World	Total Group	UK	Rest of Europe	USA	Rest of World	Total Group
At 1 January										
Developed	567	161	1,442	69	2,239	712	194	1,590	91	2,587
Undeveloped	840	67	1,009	300	2,216	770	67	889	124	1,850
	1,407	228	2,451	369	4,455	1,482	261	2,479	215	4,437
Changes attributable to:										
Revisions of previous estimates	7	22	184	15	228	(5)	(1)	49	5	48
Redetermination of interests	(5)	-	6	-	1	-	-	4	-	4
Purchases (sales) of reserves-in-place	(1)	-	45	(7)	37	(4)	-	-	(69)	(73)
Extensions, discoveries and other additions	88	2	51	5	146	67	-	45	227	339
Improved recovery	24	-	53	1	78	-	-	125	-	125
Production	(135)	(32)	(229)	(12)	(408)	(133)	(32)	(251)	(9)	(425)
	(22)	(8)	110	2	82	(75)	(33)	(28)	54	18
At 31 December										
Developed	560	138	1,766	67	2,531	567	161	1,442	69	2,239
Undeveloped	825	82	795	304	2,006	840	67	1,009	300	2,216
	1,385	220	2,561 ⁽ⁱⁱⁱ⁾	371	4,537	1,407	228	2,451 ⁽ⁱⁱⁱ⁾	369	4,455
Associated undertakings:										
BP share										
At 1 January					1,910					1,993
Net revisions and other changes					135					(35)
Production					(45)					(48)
At 31 December					2,000 ⁽ⁱⁱⁱ⁾					1,910 ⁽ⁱⁱⁱ⁾
Total Group and BP share of Associated undertakings:					6,537					6,365

(i) Crude oil includes natural gas liquids and condensate. Net proved reserves of crude oil exclude production royalties due to others.

(ii) Proved reserves in the Prudhoe Bay field in Alaska include an estimated 43 million barrels (94 million barrels) upon which a net profits royalty will be payable over the life of the field under the terms of the BP Prudhoe Bay Royalty Trust.

(iii) Associated undertakings

The group holds proportionate interests, through related companies, in onshore and offshore concessions in Abu Dhabi expiring in 2014 and 2018 respectively. If recent production levels were to continue, these reserves would not be fully recovered during the period of the concessions.

Movements in estimated net proved reserves of natural gas (i)

Subsidiary undertakings:	1993					1992				
	UK	Rest of Europe	USA	Rest of World	Total Group	UK	Rest of Europe	USA	Rest of World	Total Group
At 1 January										
Developed	1,793	70	2,206	1,095	5,164	1,866	82	2,268	1,711	5,927
Undeveloped	2,851	2	642	1,346	4,841	2,947	2	597	1,450	4,996
	4,644	72	2,848	2,441	10,005	4,813	84	2,865	3,161	10,923
Changes in year attributable to:										
Revisions of previous estimates	8	5	15	161	189	44	2	21	56	123
Redetermination of interests	-	-	4	-	4	-	-	3	-	3
Purchases (sales) of reserves in-place	5	-	(7)	(239)	(241)	(393)	-	-	(691)	(1,084)
Extensions, discoveries and other additions	424	8	43	214	689	419	-	52	-	471
Improved recovery	65	-	1	-	66	-	-	5	-	5
Production	(301)	(14)	(98)(ii)	(65)	(478)	(239)	(14)	(98)(iii)	(85)	(436)
	201	(1)	(42)	71	229	(169)	(12)	(17)	(720)	(918)
At 31 December										
Developed	2,402	69	2,175	1,015	5,661	1,793	70	2,206	1,095	5,164
Undeveloped	2,443	2	631	1,497	4,573	2,851	2	642	1,346	4,841
	4,845	71	2,806	2,512(iii)	10,234	4,644	72	2,848	2,441(iii)	10,005

(i) Net proved reserves of natural gas exclude production royalties due to others.

(ii) Includes 65 billion cubic feet in 1993 and 60 billion cubic feet in 1992 of gas consumed in Alaskan operations.

(iii) Includes reserves located in Australia totalling 1,698 and 1,597 billion cubic feet at 31 December 1993 and 1992 respectively.

Ratios

The balance sheet elements shown on page 58 in £ million are used in the following ratios:

	1989	1990	1991	1992	1993
Return on average capital employed:					
- historical cost profit	15.2%	12.7%	5.9%	1.1%	6.7%
- replacement cost profit before exceptional items and discontinued operations	9.4%	9.3%	8.7%	6.2%	9.4%
(Based on profit after taxation before deducting interest expense)					
Return on average BP shareholders' interest	19.1%	15.5%	3.8%	(4.5)%	6.3%
(Based on historical cost profit)					
Debt to debt-plus-equity ratio	44.0%	38.1%	43.1%	51.0%	46.0%
(Finance debt: finance debt plus BP and minority shareholders' interest)					

Summarised group income statements

	£ million					\$ million				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Turnover	29,056	33,039	32,613	33,250	34,950	47,652	59,140	57,725	58,852	52,425
Operating expenses	27,261	30,837	30,752	31,893	32,919	44,708	55,198	54,431	56,450	49,378
Other income	1,795	2,202	1,861	1,357	2,031	2,944	3,942	3,294	2,402	3,047
Replacement cost	628	523	510	527	470	1,030	936	903	933	705
operating profit	2,423	2,725	2,371	1,884	2,501	3,974	4,878	4,197	3,335	3,752
Discontinued operations	38	-	-	-	-	62	-	-	-	-
Profit (loss) on sale or termination of operations	2,461	2,725	2,371	1,884	2,501	4,036	4,878	4,197	3,335	3,752
Restructuring costs	476	495	242	70	(40)	781	886	428	124	(60)
Profit on sale of discontinued operations	-	(258)	(58)	(1,064)	(200)	-	(462)	(103)	(1,884)	(300)
Replacement cost	753	27	-	-	-	1,239	48	-	-	-
profit before interest and tax	3,690	2,989	2,555	890	2,281	6,052	5,350	4,522	1,575	3,392
Stock holding gains (losses)	390	477	(629)	(106)	(284)	639	854	(1,113)	(187)	(426)
Historical cost	4,080	3,466	1,926	784	1,977	6,691	6,204	3,409	1,388	2,966
profit before interest and tax	794	671	723	672	675	1,302	1,201	1,280	1,190	1,013
Interest expense	3,286	2,795	1,203	112	1,302	5,389	5,003	2,129	198	1,953
Profit before taxation	1,107	1,057	820	565	885	1,815	1,891	1,451	1,000	1,027
Taxation	2,179	1,738	383	(453)	617	3,574	3,112	678	(802)	926
Profit (loss) after taxation	45	50	(32)	5	2	74	90	(57)	9	3
Minority shareholders' interest	2,134	1,688	415	(458)	615	3,500	3,022	735	(811)	923
Profit (loss) for the year	795	861	905	569	458	1,304	1,541	1,602	1,007	687
Distribution to shareholders	1,339	827	(490)	(1,027)	157	2,196	1,481	(867)	(1,818)	236
Retained profit (deficit) for the year	39.0p	31.5p	7.7p	(8.5)p	11.3p	\$0.64	\$0.56	\$0.14	\$(0.15)	\$0.17
Earnings (loss) per ordinary share	14.90p	16.05p	16.80p	10.50 p	8.40p	For \$ amounts see page 63				
Dividends per ordinary share	Replacement cost results									
	Historical cost profit (loss)									
	2,134	1,688	415	(458)	615	3,500	3,022	735	(811)	923
	(390)	(477)	629	106	284	(639)	(854)	1,113	187	426
	7	5	(9)	-	(3)	11	9	(16)	-	(4)
	Replacement cost profit (loss) for the year									
	1,751	1,216	1,035	(352)	896	2,872	2,177	1,832	(624)	1,345
	Exceptional items and discontinued operations, net of tax									
	(861)	(177)	(107)	888	229	(1,412)	(318)	(189)	1,573	343
	Replacement cost profit before exceptional items and discontinued operations									
	890	-1,039	928	536	1,125	1,460	1,859	1,643	949	1,688
	Earnings per ordinary share									
	On replacement cost profit before exceptional items and discontinued operations									
	16.3p	19.4p	17.2p	9.9p	20.7p	\$0.27	\$0.35	\$0.30	\$0.18	\$0.31

Group cash flow statements

	£ million					\$ million				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Net cash inflow from operating activities	4,126	4,854	4,240	3,494	4,397	6,767	8,689	7,505	6,184	6,599
Servicing of finance and returns on investments										
Interest received	135	157	216	134	112	221	281	382	237	16
Interest paid	(791)	(621)	(670)	(624)	(723)	(1,297)	(1,112)	(1,186)	(1,104)	(1,086)
Dividends received	226	130	141	79	71	371	233	250	140	10
Dividends paid	(858)	(798)	(854)	(775)	(439)	(1,407)	(1,428)	(1,512)	(1,372)	(65)
Net cash outflow from servicing of finance and returns on investments	(1,288)	(1,132)	(1,167)	(1,186)	(979)	(2,112)	(2,026)	(2,066)	(2,099)	(1,466)
Taxation										
UK corporation tax	(433)	(288)	(304)	(249)	(148)	(710)	(516)	(538)	(441)	(222)
Overseas tax	(579)	(470)	(642)	(258)	(532)	(950)	(841)	(1,136)	(456)	(795)
Tax paid	(1,012)	(758)	(946)	(507)	(680)	(1,660)	(1,357)	(1,674)	(897)	(1,017)
Investing activities										
Capital expenditures	(3,331)	(3,604)	(3,793)	(3,466)	(2,800)	(5,463)	(6,451)	(6,714)	(6,135)	(4,200)
Acquisitions	(65)	(51)	(440)	-	(38)	(107)	(91)	(779)	-	(8)
Disposal of minerals/coal interests	2,667	145	-	-	-	1,374	259	-	-	-
Other disposal proceeds	1,031	1,492	971	1,058	2,052	1,691	2,670	1,719	1,873	3,070
Net cash inflow (outflow) from investing activities	302	(2,018)	(3,262)	(2,408)	(786)	495	(3,613)	(5,774)	(4,262)	(1,128)
Net cash inflow (outflow) before financing	2,128	946	(1,135)	(607)	1,951	3,490	1,693	(2,009)	(1,074)	2,903
Financing										
Issue of ordinary share capital	5	19	16	14	20	8	34	28	25	4
Long-term borrowing	1,073	990	1,803	1,050	290	1,760	1,772	3,192	1,858	4,000
Repayments of long-term borrowing	(647)	(827)	(507)	(1,170)	(1,341)	(1,061)	(1,480)	(897)	(2,071)	(2,000)
Short-term borrowing	593	873	966	754	544	973	1,562	1,709	1,334	800
Repayments of short-term borrowing	(979)	(1,270)	(1,224)	(403)	(1,399)	(1,606)	(2,273)	(2,166)	(713)	(2,000)
Purchase of shares from KIO	(2,423)	-	-	-	-	(3,974)	-	-	-	-
Net cash inflow (outflow) from financing	(2,378)	(215)	1,054	245	(1,878)	(3,900)	(385)	1,866	433	(2,800)
Increase (decrease) in cash and cash equivalents	(250)	731	(81)	(362)	73	(410)	1,308	(143)	(641)	903

Summarised group balance sheets

	£ million					\$ million				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Fixed assets	22,454	20,341	21,844	24,253	22,706	36,151	39,258	40,848	36,622	33,605
Stocks and debtors	8,742	9,735	9,231	10,287	8,101	14,075	18,789	17,262	15,533	11,990
Liquid resources	419	621	717	250	210	674	1,198	1,341	377	310
Total assets	31,615	30,697	31,792	34,790	31,017	50,900	59,245	59,451	52,532	45,905
Creditors and provisions excluding finance debt	11,885	12,536	12,684	14,673	12,789	19,135	24,194	23,719	22,155	18,928
Capital employed	19,730	18,161	19,108	20,117	18,228	31,765	35,051	35,732	30,377	26,977
Financed by:										
Finance debt	8,689	6,920	8,229	10,259	8,380	13,989	13,356	15,388	15,491	12,402
Minority shareholders' interest	256	240	225	155	100	412	463	421	234	148
BP shareholders' interest	10,785	11,001	10,654	9,703	9,748	17,364	21,232	19,923	14,652	14,427
	19,730	18,161	19,108	20,117	18,228	31,765	35,051	35,732	30,377	26,977

Capital expenditure and acquisitions

	£ million					\$ million				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
By business										
Exploration and Production	2,037	2,201	2,289	1,936	1,751	3,341	3,940	4,052	3,427	2,627
Refining and Marketing	726	774	1,441	977	811	1,191	1,385	2,550	1,729	1,217
Chemicals	313	383	521	335	222	513	687	922	593	333
Nutrition	172	152	117	108	49	282	272	207	191	74
Other businesses/corporate	255	301	141	86	69	418	539	250	152	102
Total	3,503	3,812	4,509	3,442	2,902	5,745	6,823	7,981	6,092	4,353
By geographical area										
UK†	1,491	1,701	1,648	1,288	807	2,445	3,045	2,917	2,280	1,211
Rest of Europe	544	595	1,055	609	488	892	1,065	1,867	1,078	732
USA	861	902	1,025	808	833	1,412	1,614	1,814	1,430	1,250
Rest of World	607	614	781	737	774	996	1,099	1,383	1,304	1,160
Total	3,503	3,812	4,509	3,442	2,902	5,745	6,823	7,981	6,092	4,353

†UK area includes the UK-based international activities of BP Oil.

Cost of acquisitions included in this table includes the finance debt of acquired companies.

Translation into US dollars

Figures given in US dollars on pages 56 to 58 and 61 have been derived from the sterling amounts as follows:

	£1 = US dollar				
	1989	1990	1991	1992	1993
Income and cash flow statements, capital expenditure and acquisitions – at average exchange rates for the year.	1.64	1.79	1.77	1.77	1.50
Balance sheets – at year end exchange rates.	1.61	1.93	1.87	1.51	1.48

Statistics

Crude oil and natural gas production (Net of Royalties)

	1989	1990	1991	1992	1993
Crude oil production	thousand barrels per day				
UK	424	370	359	364	370
Rest of Europe	54	63	81	87	88
USA	784	737	738	685	627
Rest of World	150	152	178	154	157
Total crude oil production	1,412	1,322	1,356	1,293	1,242

Natural gas production

	million cubic feet per day				
UK	626	664	720	652	824
Rest of Europe	34	39	27	37	39
USA	244	315	216	106	92
Rest of World	296	348	298	234	178
Total natural gas production	1,200	1,366	1,261	1,029	1,133

	thousand barrels oil equivalent per day				
Total production	1,619	1,558	1,573	1,470	1,437

Group refinery throughputs (i)

	thousand barrels per day				
UK	218	203	194	185	184
Rest of Europe	618	576	525	570	617
USA	717	699	701	711	717
Rest of World	297	301	297	307	327
	1,850	1,779	1,717	1,773	1,845

For EP by others	94	101	21	13	11
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Total	1,944	1,880	1,738	1,786	1,856
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(i) Includes crude oil and other feedstock input to crude distillation units both for BP and third parties.

Oil sales volumes

	thousand barrels per day				
Refined products					
UK	219	213	215	233	224
Rest of Europe	663	693	701	723	760
USA	599	565	577	573	555
Rest of World	301	318	319	311	318
Total marketing sales	1,782	1,789	1,810	1,840	1,857
Trading/supply sales	842	825	892	1,158	1,162
Total oil product sales	2,624	2,614	2,702	2,998	3,019
Crude oil	1,345	1,475	1,625	1,901	1,987
Total oil sales	3,969	4,089	4,327	4,899	5,006

Statistics

Estimated net proved reserves of crude oil (i)	millions of barrels at 31 December				
	1989	1990	1991	1992	1993
Group Companies					
UK	1,666	1,579	1,482	1,407	1,385
Rest of Europe	324	289	261	228	220
USA (ii)	2,579	2,473	2,479	2,451	2,561
Rest of World	353	312	215	369	371
	4,922	4,653	4,437	4,455	4,537
of which:					
Developed	3,251	2,745	2,587	2,239	2,531
Undeveloped	1,671	1,908	1,850	2,216	2,006
Associated undertakings (BP share)					
Abu Dhabi	2,113	2,077	1,993	1,910	2,000

Estimated net proved reserves of natural gas (i)	billions of cubic feet at 31 December				
	1989	1990	1991	1992	1993
Group Companies					
UK	5,733	5,146	4,813	4,644	4,845
Rest of Europe	164	84	84	72	71
USA	2,171	3,040	2,865	2,848	2,806
Rest of World	3,376	2,753	3,161	2,441	2,512
	11,444	11,023	11,923	10,005	10,234
of which:					
Developed	6,304	6,537	5,927	5,164	5,661
Undeveloped	5,140	4,486	4,996	4,841	4,573

(i) Net proved reserves of crude oil and natural gas exclude production royalties due to others.

(ii) Proved reserves in the Prudhoe Bay field in Alaska at 31 December 1993 include an estimated 43 million barrels upon which a net profit royalty will be payable over the life of the field under the terms of the BP Prudhoe Bay Royalty Trust.

Average realisations		1989	1990	1991	1992	1993
North Sea	\$/bbl	17.77	22.88	20.24	19.40	17.08
North Sea	£/bbl	10.84	12.78	11.44	10.96	11.39
Alaskan North Slope	\$/bbl	16.80	21.09	18.24	17.56	16.11

Share price	pence per 25p ordinary share				
High	341	376	357	296	364
Daily average	293	335	329	240	304
Low	249	304	276	184	229
End year	338	334	293	248	361

United States accounting principles

The following is a summary of adjustments to profit for the year and to BP shareholders' interest which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom (UK GAAP). The results are stated using the first-in first-out method of stock valuation.

	£ million				
	1989	1990	1991	1992	1993
Profit (loss) for the year	2,134	1,688	415	(458)	615
Adjustments:					
Depreciation charge (i)	-	-	-	-	(203)
Deferred taxation (i)	(42)	(154)	51	195	292
Other	1	11	(12)	2	4
Profit (loss) before cumulative effect of accounting changes as adjusted to accord with US GAAP	2,093	1,545	454	(261)	708
Cumulative effect of accounting changes:					
Other post-retirement benefits (ii)	-	-	-	-	(178)
Deferred taxation (i)	-	-	-	-	854
Profit (loss) for the year as adjusted	2,093	1,545	454	(261)	1,184
Per ordinary share					
Before cumulative effect of accounting changes	38.2p	28.9p	8.4p	(4.8)p	13.0p
Cumulative effect of accounting changes	-	-	-	-	8.8p
Profit (loss)	38.2p	28.9p	8.4p	(4.8)p	21.8p
Per American depositary receipt*					
Before cumulative effect of accounting changes	458.4p	346.8p	100.8p	(57.6)p	156.0p
Cumulative effect of accounting changes	-	-	-	-	105.6p
Profit (loss)	458.4p	346.8p	100.8p	(57.6)p	261.6p

	\$ million				
	1989	1990	1991	1992	1993
Profit (loss) for the year as adjusted	3,433	2,766	804	(462)	1,776
Per ordinary share	\$0.63	\$0.52	\$0.15	\$(0.09)	\$0.33
Per American depositary receipt*	\$7.56	\$6.24	\$1.80	\$(1.08)	\$3.96

*One American depositary receipt is equivalent to twelve 25p ordinary shares.

	£ million				
	1989	1990	1991	1992	1993
BP shareholders' interest	10,785	11,001	10,654	9,703	9,746
Adjustments:					
Other post-retirement benefits (ii)	-	-	-	276	-
Fixed assets (i)	-	-	-	-	1,420
Deferred taxation (i)	(1,669)	(1,631)	(1,436)	(1,661)	(2,252)
Other	(94)	(80)	(96)	(131)	(131)
BP shareholders' interest as adjusted	9,022	9,290	8,922	8,187	8,785

	\$ million				
	1989	1990	1991	1992	1993
BP shareholders' interest as adjusted	14,525	17,930	16,684	12,362	13,002

(i) With effect from 1 January 1993, adjustments to deferred taxation, fixed assets and depreciation have been calculated in accordance with US Statement of Financial Accounting Standard No. 109. This standard changes the method of accounting for deferred taxation from a full deferral basis to a full liability basis, and also requires assets and liabilities of businesses acquired in prior periods to be adjusted from a net-of-tax to a pre-tax basis. Deferred taxation in prior years is calculated on a full deferral basis as required by US GAAP.

(ii) Under UK GAAP the change in accounting policy for other post-retirement benefits has been accounted for as an adjustment to 1992 BP shareholders' interest, whereas under US GAAP it is treated as a cumulative effect adjustment to profit for 1993, net of deferred tax calculated on a full liability basis.

Information for shareholders

Announcement of dividends and results

Ordinary shares

Proposed key dates for dividends to be announced in 1994 and for The BP Share Dividend Plan:

Announcement	Ex-dividend	Record	Variation*	Payment
10 February 1994	14 February 1994	25 February 1994	29 March 1994	9 May 1994
5 May 1994	16 May 1994	27 May 1994	29 June 1994	8 August 1994
2 August 1994	8 August 1994	25 August 1994	28 September 1994	7 November 1994
1 November 1994	7 November 1994	24 November 1994	29 December 1994	7 February 1995

*This is the date by which the Registrar must receive forms of variation from participants in the Share Dividend Plan if they wish to vary the level of their participation for the following dividend payment. Forms of variation can be obtained from the Registrar at the address given on the inside back cover.

First and second preference shares

Dividends are paid on 31 January and 31 July of each year.

Announcement of results

The group's half-year results for 1994 (including notification of the relevant quarterly dividend) will be announced to the London Stock Exchange, and will be included in the Half-Year Review which will be sent to shareholders in August.

The first and third quarter results (including notification of the relevant quarterly dividends) will be announced to

the London Stock Exchange in the usual way.

Shareholders who would like to be placed on the mailing list for these first and third quarterly announcements should write to the Company Secretary, ADR holders in the USA and Canada, and shareholders in Japan, should write to the addresses given on page 64.

Taxation

New shares instead of cash dividends

During 1993 the company made available The BP Share Dividend Plan in respect of the quarterly dividends paid in May, August and November 1993 and February 1994. The amount of the dividend necessary to give an entitlement to one new share was fixed at 263.4p, 316.2p, 301.2p and 344.0p respectively.

The opening value in respect of each quarterly dividend is the market value of one new share on the first day of dealing on the London Stock Exchange. The opening values for the quarterly dividends paid in August 1993 and February 1994 were 308.8p and 375.5p respectively.

For the quarterly dividends paid in August 1993 and February 1994, each new share received will be treated for income tax purposes as giving rise to gross income of 395.3p and 430.0p respectively, on which basic rate income tax of 79.1p and 86.0p respectively has been paid.

In respect of the dividends paid in May and November 1993, there was a difference of more than 15% between the opening value and the amount of cash dividends necessary to give an entitlement to one new share. In these circumstances, the Inland Revenue will seek to substitute the opening values of 303.5p and 349.5p for the above values of 263.4p and 301.2p. This means that each new share received in respect of those dividends will be treated as giving rise to gross income of 379.4p and 436.9p on which basic rate income tax of 75.9p and 87.4p has been paid. The opening values of 303.5p and 349.5p will represent the acquisition values for the purposes of capital gains tax.

Capital gains

The market values of BP shares at 6 April 1965 for the purposes of capital gains tax, after adjustment for the conversion, sub-division and capitalisation issue referred to below, were:

Ordinary shares: £0.213542 per 25p ordinary share

First preference shares: £1.128125 per £1 share

Second preference shares: £1.243750 per £1 share

Since 5 April 1965 there have been rights issues of ordinary shares as follows:

One for thirteen at £0.2083: the ex-rights date was 28 February 1966

One for fifteen at £0.4283: the ex-rights date was 14 October 1971

One for seven at £0.9167: the ex-rights date was 23 June 1981

As from the close of business on 5 October 1979, each £1 unit of ordinary stock was converted and sub-divided into four ordinary shares of 25p each, and each existing £1 unit of preference stock was converted into one preference share of £1.

With effect from 1 May 1987, a capitalisation issue was made of two additional ordinary shares of 25p each for each ordinary share held at the close of business on 15 April 1987.

The market values at 31 March 1982 for the purposes of capital gains tax, indexation allowance were:

Ordinary shares: £0.95 per 25p ordinary share

First preference shares: £0.565 per £1 share

Second preference shares: £0.647 per £1 share

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Information for overseas shareholders

United States and Canada

BP shares are traded in the USA and Canada on the New York and Toronto Stock Exchanges in the form of American Depositary Shares (ADSs) and held in the form of American Depositary Receipts (ADRs). Each ADS represents twelve ordinary shares of the company. Details of trading activity are published under the abbreviation "BritPt" in the stock tables of most daily newspapers.

Depository

Morgan Guaranty Trust Company of New York,
ADR Department,
60 Wall Street,
New York, NY 10260
Telephone 212-648-3204

Administration and transfer agent

In the USA and Canada, the ADR program is administered by JP Morgan. Specific enquiries on administration should be addressed to:

In USA: Morgan ADR Service Centre,
2 Heritage Drive,
North Quincy,
MA 02171
Telephone: 617-774-4237

In Canada: The F-M Trust Company,
393 University Avenue,
5th Floor, PO Box 7010,
Adelaide Street Postal Station,
Toronto, Ontario M5C 2W9
Telephone: 416-813-4600

In USA and outside Toronto - Toll free
800-387-0825

ADR market price ranges

(US dollars)	1993		1992	
	High	Low	High	Low
1st Quarter	58 ⁷ / ₈	42 ¹ / ₈	66 ³ / ₈	52 ¹ / ₂
2nd Quarter	60 ³ / ₄	53 ⁵ / ₈	61 ¹ / ₂	45 ¹ / ₂
3rd Quarter	59 ⁵ / ₈	51 ³ / ₈	50 ⁷ / ₈	43 ¹ / ₈
4th Quarter	65 ³ / ₈	56 ¹ / ₄	47	41 ¹ / ₈

Cash dividends

ADR holders are generally eligible for all dividends or other entitlements attaching to the underlying shares of BP and receive all cash dividends in US dollars (although Canadian resident ADR holders ordinarily receive their dividends in Canadian dollars).

With respect to qualifying US resident ADR holders, the current double tax convention between the UK and the USA includes provisions which entitle them to a refund of the currently applicable ^{20/200%} UK tax credit attached to the dividend, less a currently applicable 15% UK withholding tax charged on the sum of the dividend and the tax credit. Under the arrangements made by Morgan Guaranty Trust Company of New York, payment of the tax credit refund, net of the UK withholding tax, is made to a qualifying US resident ADR holder who completes the declaration on the reverse of the dividend check and presents it for payment within three months from its date of issue. Similar arrangements have also been made in respect of qualifying Canadian resident ADR holders.

In 1989, BP introduced quarterly dividend payments with the exchange rate for dividend payments for US and Canadian ADR holders being that ruling at 5.00pm London time on the day preceding the date of announcement rather than on the date of payment.

The following dividends have been paid or announced on ADRs for the undermentioned periods:

Quarterly dividends	First	Second	Third	Fourth	Total
1989	US\$ 0.830	0.802	0.788	0.911	3.331
	CAN\$ 0.983	0.941	0.921	1.099	3.944
1990	US\$ 0.902	1.002	1.062	1.137	4.103
	CAN\$ 1.052	1.152	1.232	1.314	4.750
1991	US\$ 0.981	0.979	1.012	1.022	3.994
	CAN\$ 1.133	1.120	1.138	1.206	4.597
1992	US\$ 1.025	0.546	0.444	0.382	2.397
	CAN\$ 1.225	0.646	0.552	0.484	2.907
1993	US\$ 0.420	0.402	0.388	0.391	1.601
	CAN\$ 0.535	0.518	0.518	0.526	2.097

BP has been advised by its US counsel that in respect of qualifying US resident ADR holders, subject to certain limitations, the 15% withholding tax will be treated as a foreign income tax that is eligible for credit against the holder's federal income taxes. This credit may be obtained by filing Form 1116 'Computation of Foreign Tax Credit' with the ADR holder's Federal Income Tax return.

Reports to ADR holders

ADR holders receive the annual and interim reports issued to shareholders. If they are a holder of record (i.e. if the ADRs are held by them directly) the annual and interim reports will be sent to them at the record address. If the ADRs are held in a 'Street Name' at a bank or brokerage firm, that institution is responsible for obtaining the materials and forwarding them to the holders.

BP is subject to the requirements for information of the US Securities and Exchange Commission (SEC) as they apply to foreign companies. It files with the SEC the Annual Report on Form 20-F (which corresponds to a 10-K for a US corporation) and other information as required.

BP's quarterly results for 1994 will be announced in May, August and November 1994 and February 1995. Dissemination in the USA and Canada of these and other major items of BP news is made to the news services, including Dow Jones, Reuters, Associated Press and United Press International.

Annual general meeting

The 1994 annual general meeting of the company takes place in London on 7 April.

On request, Morgan Guaranty will appoint ADR holders as its proxy; this enables holders to attend the meeting and, on a poll, to vote the underlying ordinary shares.

Japan

BP shares are traded on the Tokyo Stock Exchange. The payment of dividends in Japan is distributed by the shareholders' service agent, Mitsubishi Trust and Banking Corporation. Its address is: Mitsubishi Trust and Banking Corporation, Tokyo Nishi Ikebukuro Bldg., 1-7-7 Nishi Ikebukuro, Toshima-Ku, 171 Tokyo

Europe

BP shares are traded on stock exchanges in the UK, France, Switzerland, Germany and the Netherlands.

Shareholding information

BP ordinary shareholders at 31 December 1993

Range of holdings:	Number of shareholders	Percentage of total shareholders	Percentage of share capital
1-50	59,507	12.8	-
51-100	17,005	3.7	-
101-150	94,833	20.4	0.2
151-200	5,716	1.2	-
201-250	17,715	3.8	0.1
251-1,000	144,192	31.0	1.4
1,001-10,000	119,815	25.7	5.8
10,001-100,000	5,127	1.1	2.2
100,001-1,000,000	1,024	0.2	6.7
Over 1,000,000	403	0.1	83.6
Total shareholders	485,387	100.0	100.0

Classification of shareholders:	Number of shareholders	Percentage of total shareholders	Percentage of share capital
Individuals	448,818	98.0	8.2
Companies	1,580	0.3	3.2
Trust companies (pension funds etc)	1,062	0.4	6.2
Banks and nominees*	14,519	3.1	72.8
Insurance and assurance companies	807	0.2	7.0
UK Government	1	-	1.0
Total shareholders	485,387	100.0	100.0

*Includes the 9.7% holding of the State of Kuwait

The total number of ordinary shares in issue at 31 December 1993 was 5,451,061,789, of which approximately 1,466,000,000 were represented by ADRs - see page 63.

At 31 December 1993 there were also 3,050 preference shareholders.

Investor relations offices

BP maintains investor relations offices in London, Cleveland and Tokyo. These offices will be pleased to answer questions from investors and supply copies of quarterly results announcements, copies of Form 20-F and further copies of the annual and half-yearly reports, or furnish other more general information about the company.

Enquiries should be addressed to:

UK
Investor Relations,
BP Finance,
Britannic House,
1 Finsbury Circus,
London EC2M 7BA
England
Fax number 071-496-4570

USA
Investor Relations,
BP America Inc.,
200 Public Square,
Cleveland,
Ohio 44114
USA
Fax number 216-586-8066

JAPAN
Investor Relations,
BP Japan K.K.,
Ark Mori Bldg., (33rd floor),
12-32 Akasaka 1-chome,
Minato-Ku,
Tokyo, 107
Japan
Fax number 03-5562-3947

Registrar's office

Administrative queries about the holding of BP shares (other than ADRs) should be directed to the company Registrar, whose address is shown opposite.

Telephone 0279-444-488 Fax 0279-419616

Other published information

US Securities and Exchange Commission

Copies of reports filed by the company with the United States Securities and Exchange Commission within the preceding six months may be obtained by writing to: Investor Relations, BP Finance, Britannic House, 1 Finsbury Circus, London EC2M 7BA. Fax 071-496-4570.

Share price information (Citycall)

Current buying and selling prices of BP shares, together with recorded information on key dates, can be obtained by dialling 0891-222335. Costs per call (including VAT) from 31 March 1994 are 39p a minute at cheap rate and 49p a minute at peak rate.

Financial and Operating Information

The company also publishes each year a detailed Financial and Operating Information book which is aimed particularly at the financial and investment community.

Copies of this book, which this year will be available in April, may be obtained by writing to Investor Relations at any of the addresses given opposite.

The British Petroleum Company p.l.c.

Registered Office
Britannic House, 1 Finsbury Circus,
London EC2M 7BA
(Registered in England and Wales No. 102498)

Registrar's Office
The BP Registrar,
CMG Share Registration Division,
Astra Centre,
Edinburgh Way,
Harlow,
Essex CM20 2BE

Depository for American Depositary Receipts
Morgan Guaranty Trust Company of New York,
Attention: ADR Department,
60 Wall Street,
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