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(62

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(1,089

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Interest on plan liabilities

518

322

183

1,023

Other finance (income) expense

(232

)

45

121

(66

)

	Six months ended June 30, 2004 (Unaudited)			
	UK	US	Other	Total
	($ million)			
Current service cost	183	134	49	366
Past service cost			20	20
Settlement, curtailment and special termination benefits	15			15
Payments to defined contribution plans		76	2	78
Total operating charge	198	210	71	479
Expected return on plan assets	(672)	(264)	(53)	(989)
Interest on plan liabilities	489	342	160	991
Other finance (income) expense	(183)	78	107	2

Note 15 - US generally accepted accounting principles

The consolidated financial statements of the BP Group are prepared in accordance with International Financial Reporting Standards (IFRS) which differ in certain respects from US generally accepted accounting principles (US GAAP). The principal differences between US GAAP and IFRS for BP Group reporting relate to the following:

(i) **Deferred taxation/business combinations**

IFRS requires the recognition of a deferred tax asset or liability for the tax effects of differences between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination. This adjustment is offset by an equivalent adjustment to goodwill or, on first-time adoption of IFRS, in retained earnings. Under US GAAP, the adjustment is reflected in the carrying value of the asset or liability concerned.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
Increase (decrease) in caption heading	**2005**	**2004**	**2005**	**2004**
		($ million)		
Depreciation, depletion and amortization	62	135	83	292
Taxation	5	10	68	(287)
Profit for the period	(67)	(145)	(151)	(5)

	At June 30, 2005 (Unaudited)	At December 31, 2004 (Unaudited)
	($ million)	
Property, plant and equipment	3,969	4,052
Deferred tax liabilities	1,557	1,489
BP shareholders equity	2,412	2,563

(ii) **Provisions**

IFRS requires provisions for decommissioning, environmental liabilities and onerous contracts to be determined on a discounted basis if the effect of the time value of money is material. The provisions for decommissioning and environmental liabilities are estimated using costs based on current prices and discounted using real discount rates. Unwinding of the discount and the effect of a change in the discount rate is included in other finance expense in the period. When a decommissioning provision is set up, an item of property, plant and equipment of the same amount is also recognized and is subsequently depreciated as part of the capital costs of the facilities.

US GAAP requires companies to record liabilities equal to the fair value of their asset retirement obligations when they are incurred (typically when the asset is installed at the production location). When the liability is initially recorded, companies capitalize an equivalent amount as part of the cost of the asset. Over time the liability is accreted for the change in its present value each period, and the initial capitalized cost is depreciated over the useful life of the related asset. Unwinding of the discount is included in operating profit for the period.

The provisions for decommissioning under US GAAP are set up on a similar basis to IFRS except that estimated future cash outflows are discounted using a credit-adjusted risk-free rate rather than a real discount rate.

Under US GAAP environmental liabilities are discounted only where the timing and amounts of payments are fixed and reliably determinable.

In addition, use of different oil and natural gas reserve volumes (see (iii)) results in different field lives and hence different decommissioning provisions under IFRS and US GAAP.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	**Three months ended June 30 (Unaudited) 2005**	**2004**	**Six months ended June 30 (Unaudited) 2005**	**2004**
		($ million)		
Production and manufacturing expenses	(133)	23	(99)	85
Other finance expense	(50)	(50)	(95)	(98)
Taxation	72	(6)	76	(7)
Profit for the period	111	33	118	20

	At June 30, 2005 (Unaudited)	**At December 31, 2004 (Unaudited)**
	($ million)	
Property, plant and equipment	(1,635)	(1,667)
Provisions	(1,598)	(1,454)
Deferred tax liabilities	(7)	(76)
BP shareholders equity	(30)	(137)

The following data summarizes the movements in the asset retirement obligations, as adjusted to accord with US GAAP, for the six months ended June 30, 2005.

	(Unaudited) ($ million)
At January 1, 2005	3,898
Exchange adjustments	(7)
New provisions/adjustment to provisions	(165)
Unwinding of discount	78
Utilized/deleted	(119)
At June 30, 2005	3,685

(iii) Oil and natural gas reserve differences

The US Securities and Exchange Commission (SEC) rules for estimating oil and natural gas reserves are different in certain respects from the UK Statement of Recommended Practice Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities (SORP); in particular, the SEC requires the use of year-end prices, whereas under the SORP the Group uses long-term planning prices. Any consequent difference in reserve volumes results in different charges for depreciation, depletion and amortization between IFRS and US GAAP.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	**Three months ended June 30 (Unaudited) 2005**	**2004**	**Six months ended June 30 (Unaudited) 2005**	**2004**
		($ million)		
Depreciation, depletion and amortization	(9)		(18)	
Taxation	3		7	
Profit for the period	6		11	

	At June 30, 2005 (Unaudited)	**At December 31, 2004 (Unaudited)**
	($ million)	
Property, plant and equipment	66	48
Deferred tax liabilities	25	18
BP shareholders equity	41	30

(iv) **Sale and leaseback**

The sale and leaseback of an office building in Chicago, Illinois in 1998 was treated as a sale for IFRS whereas for US GAAP it was treated as a financing transaction. The remaining interest in this building was sold in January 2003.

Provisions were recognized under IFRS in 1999 and 2002 to cover the likely shortfall on rental income from subletting the Chicago office building. As the original sale and leaseback was not treated as a sale for US GAAP the provision was reversed for US GAAP. Following the disposal of the building a provision has now been recognized for US GAAP.

Under IFRS the profit arising on the sale and operating leaseback of certain railcars in 1999 was taken to income in the period in which the transaction occurred. Under US GAAP this profit is being amortized over the term of the operating lease.

The adjustments to profit for the period and BP shareholders equity to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	**Three months ended June 30 (Unaudited) 2005**	**2004**	**Six months ended June 30 (Unaudited) 2005**	**2004**
		($ million)		
Distribution and administration expenses		(8)	(1)	(5)
Taxation	(1)	3	(1)	2
Profit for the period	1	5	2	3

	At June 30, 2005 (Unaudited)	At December 31, 2004 (Unaudited)
	($ million)	
Other payables	19	21
Provisions	46	45
Deferred tax liabilities	(24)	(23)
BP shareholders equity	(41)	(43)

(v) **Goodwill and intangible assets**

There are two main differences in the basis for determining goodwill between IFRS and US GAAP which result in the amount of goodwill for US GAAP reporting differing from the amount recognized under IFRS.

Goodwill represents the difference between the consideration paid in an acquisition and the fair value of the assets and liabilities acquired. Where shares are issued in connection with an acquisition IFRS requires that the shares issued be valued at the time the public offer becomes unconditional. For US GAAP, the consideration is determined at the date the offer is made.

Under US GAAP, goodwill and indefinite lived intangible assets have not been amortized since December 31, 2001, rather such assets are subject to periodic impairment testing. The Group does not have any other intangible assets with indefinite lives. Under IFRS, goodwill amortization ceased from January 1, 2003.

During the fourth quarter of 2004 the Group completed a goodwill impairment review using the two-step process prescribed in US GAAP. The first step includes a comparison of the fair value of a reporting unit to its carrying value, including goodwill. Where the carrying value exceeds the fair value, the goodwill of the reporting unit is potentially impaired and the second step is then completed in order to measure the impairment loss, if any. No impairment charge resulted from this review. For the purposes of this impairment review the reporting unit is one level below an operating segment.

The adjustments to BP shareholders equity to accord with US GAAP are summarized below.

	At June 30, 2005 (Unaudited)	**At December 31, 2004 (Unaudited)**
	($ million)	
Goodwill	193	224
BP shareholders equity	193	224

In accordance with Group accounting practice, exploration licence acquisition costs are capitalized initially as an intangible fixed asset and are amortized over the estimated period of exploration. Where proved reserves of oil or natural gas are determined and development is sanctioned, the unamortized cost is transferred to property, plant and equipment. Where exploration is unsuccessful, the unamortized cost is charged against income. At June 30, 2005 and December 31, 2004, exploration licence acquisition costs included in the Group s property, plant and equipment and intangible fixed assets, net of accumulated amortization, were as follows.

	At June 30, 2005 (Unaudited)	**At December 31, 2004 (Unaudited)**
	($ million)	

Exploration licence acquisition cost included in fixed assets (net of accumulated amortization)		
Property, plant and equipment	1,160	1,100
Other intangible assets	585	595

Changes to exploration expenditure, goodwill and other intangible assets, as adjusted to accord with US GAAP, during the six months ended June 30, 2005 are shown below.

	Exploration expenditure	Goodwill	Additional minimum pension liability (see (xi)) (Unaudited) ($ million)	Other intangibles	Total
Net book amount					
At January 1, 2005	3,761	11,535	39	443	15,778
Amortization expense	(101)			(32)	(133)
Other movements	199	(308)		248	139
At June 30, 2005	3,859	11,227	39	659	15,784

Amortization expense relating to other intangibles is expected to be in the range $60-$80 million in each of the succeeding five years.

(vi) **Derivative financial instruments and hedging activities**

US GAAP requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. To the extent that certain criteria are met, hedge accounting is permitted but not required.

In the normal course of business the Group is a party to derivative financial instruments with off-balance sheet risk, primarily to manage its exposure to fluctuations in foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt. The Group also manages certain of its exposures to movements in oil and natural gas prices. In addition, the Group trades derivatives in conjunction with these risk management activities.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended June 30 (Unaudited) 2005	2004	Six months ended June 30 (Unaudited) 2005	2004
		($ million)		
Production and manufacturing expenses		621	(21)	352
Interest payable	(5)		(10)	
Taxation		(201)	(72)	(112)
Profit for the period	5	(420)	103	(240)

	At June 30,	At December 31,

	2005 (Unaudited)	2004 (Unaudited)
	($ million)	
Goodwill	131	131
Finance debt	(136)	(164)
Trade and other payables		718
Deferred tax liabilities	46	(108)
BP shareholders equity	221	(315)

43

(vii) **Inventory valuation**

US GAAP requires trading inventories to be accounted for at historical cost. The Group marks trading inventories to market at the balance sheet date. As such, an IFRS/US GAAP difference arises which impacts both profit for the period and BP shareholders equity due to the difference in inventory valuations.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
Increase (decrease) in caption heading	**2005**	**2004**	**2005**	**2004**
		($ million)		
Purchases	(83)	(205)	393	(239)
Taxation	29	72	(138)	84
Profit for the period	54	133	(255)	155

	At June 30, 2005 (Unaudited)	At December 31, 2004 (Unaudited)
	($ million)	
Inventories	(293)	100
Deferred tax liabilities	(103)	35
BP shareholders equity	(190)	65

(viii) **Gain arising on asset exchange**

Under IFRS, nonmonetary exchanges of assets are accounted for at fair value at the date of the transaction, with any gain or loss recognized in income. From January 1, 2005 the treatment of gains arising on nonmonetary exchanges of assets under IFRS and US GAAP is similar. In 2000, BP agreed to a value-neutral transaction with its partners in the Prudhoe Bay field in Alaska whereby it received an increase in its natural gas interest in return for a reduction in its share of liquids production. Under US GAAP this transaction was recorded at net book value, with no resulting gain or loss.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
Increase (decrease) in caption heading	**2005**	**2004**	**2005**	**2004**
		($ million)		
Depreciation, depletion amortization	5	8	9	14
Taxation	(2)	(3)	(3)	(6)

Profit for the period	(3)	(5)	(6)	(8)

	At June 30, 2005 (Unaudited)	At December 31, 2004 (Unaudited)
	($ million)	
Property, plant and equipment	377	386
Deferred tax liabilities	132	135
BP shareholders equity	245	251

(ix) **Pensions and other postretirement benefits**

Under IFRS, surpluses and deficits of funded schemes for pensions and other postretirement benefits are included in the Group balance sheet at their fair values and all movements are reflected in the income statement, except for actuarial gains and losses which are reflected in the statement of recognized income and expenses. This contrasts with US GAAP under which actuarial gains and losses are not recognized as they occur but are recognized systematically and gradually over subsequent periods. Where a pension plan has an unfunded accumulated benefit obligation, US GAAP requires such amount to be recognized as a liability in the balance sheet. The adjustment resulting from the recognition of any such minimum liability, including the elimination of amounts previously recognized as a prepaid benefit cost, is reported as an intangible asset to the extent of unrecognized prior service cost with the remaining amount reported in comprehensive income.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
Increase (decrease) in caption heading	**2005**	**2004**	**2005**	**2004**
	($ million)			
Production and manufacturing expenses	143	74	282	194
Other finance expense	33		66	(2)
Taxation	(54)	(29)	(107)	(50)
Profit for the period	(122)	(45)	(241)	(142)

	At June 30, 2005 (Unaudited)	At December 31, 2004 (Unaudited)
	($ million)	
Other intangible assets	39	39
Loans and other receivables	6,699	7,104
Provisions	8,613	8,973
Defined benefit pension plans surplus	(2,106)	(2,105)
Defined benefit pension plan and other postretirement benefit plan deficits	(9,757)	(10,339)
Deferred tax liabilities	1,956	2,315
BP shareholders equity	3,820	4,089

(x) **Impairments**

Under IFRS, in determining the amount of any impairment loss, the carrying value of fixed assets and goodwill is compared with the discounted value of the future cash flows. Under US GAAP an initial step is required whereby the carrying value is compared with the undiscounted future cash flows, and only if the carrying value is less than the undiscounted cash flows is an impairment loss recognized. Certain of the impairment charges recognized under IFRS have been reversed for US GAAP.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

	Three months ended June 30 (Unaudited)		**Six months ended June 30 (Unaudited)**	
Increase (decrease) in caption heading	**2005**	**2004**	**2005**	**2004**
		($ million)		
Depreciation, depletion and amortization	7		14	
Impairment and losses on sale of businesses and fixed assets			(23)	
Taxation	(2)		3	
Profit for the period	(5)		6	

	At June 30, 2005 (Unaudited)	**At December 31, 2004 (Unaudited)**
	($ million)	
Goodwill	348	325
Property, plant and equipment	647	661
Deferred tax liabilities	312	309
BP shareholders equity	683	677

(xi) **Provisions for severance and operating costs**

The recognition criteria for costs associated with severance and restructuring provisions are similar under IFRS and US GAAP. However, in the following situations a provision under IFRS does not qualify as a provision under US GAAP: (i) future operating losses are recognized when they occur; and (ii) where employees are required to render service beyond a minimum retention period, the termination benefit associated with those employees is recognized over the future period.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
Increase (decrease) in caption heading	**2005**	**2004**	**2005**	**2004**
		($ million)		
Production and manufacturing expenses	6		30	
Taxation	(2)		(9)	
Profit for the period	(4)		(21)	

	At June 30, 2005 (Unaudited)	At December 31, 2004 (Unaudited)
	($ million)	
Provisions	(57)	(87)
Deferred tax liabilities	18	27
BP shareholders equity	39	60

(xii) **Equity-accounted investments**

Under IFRS the Group s accounting policies are applied in arriving at the amounts to be included in the financial statements in relation to equity-accounted investments. The major difference between IFRS and US GAAP in this respect relates to deferred tax.

The adjustments to profit for the period and to BP shareholders equity to accord with US GAAP are summarized below.

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
Increase (decrease) in caption heading	**2005**	**2004**	**2005**	**2004**
		($ million)		
Earnings from jointly controlled entities	(53)	(11)	(164)	(18)
Profit for the period	(53)	(11)	(164)	(18)

	At June 30, 2005 (Unaudited)	At December 31, 2004 (Unaudited)
	($ million)	
Investments in jointly controlled entities	48	212
BP shareholders equity	48	212

(xiii) **Investments**

Under IFRS for periods prior to 2005, certain equity investments are reported as either current or noncurrent investments and carried on the balance sheet at cost subject to review for impairment. For US GAAP these investments are classified as available-for-sale securities. Consequently, they are reported at fair value, with unrealized holding gains and losses, net of tax, reported in accumulated other comprehensive income. If a decline in fair value below cost is other than temporary the unrealized loss is accounted for as a realized loss and charged against income.

The Group sold its investments in Petrochina and Sinopec in January and February 2004, respectively, resulting in a gain on disposal of $1,314 million. For the six months ended June 30, 2004 gains of $1,165 million were reclassified from comprehensive income to net income.

The adjustments to accumulated other comprehensive income (BP shareholders equity) to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	**At June 30, 2005 (Unaudited)**	**At December 31, 2004 (Unaudited)**
	($ million)	
Fixed assets other investments		344
Deferred tax liabilities		117
BP shareholders equity		227

(xiv) **Consolidation of variable interest entities**

In January 2003, the FASB issued FASB Interpretation No. 46 Consolidation of Variable Interest Entities (Interpretation 46). Interpretation 46 clarifies the application of existing consolidation requirements to entities where a controlling financial interest is achieved through arrangements that do not involve voting interests. Under Interpretation 46, a variable interest entity is consolidated if a company is subject to a majority of the risk of loss from the variable interest entity s activities or entitled to receive a majority of the entity s residual returns.

The Group currently has several ships under construction which are accounted for under IFRS as operating leases. Under Interpretation 46 certain of the arrangements represent variable interest entities that would be consolidated by the Group. The maximum exposure to loss as a result of the Group s involvement with these entities is limited to the debt of the entity, less the fair value of the ships at the end of the lease term.

The adoption of Interpretation 46 did not have a significant effect on profit, as adjusted to accord with US GAAP. The adjustments to BP shareholders equity to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	**At June 30,**	**At December 31,**

	2005 (Unaudited)	2004 (Unaudited)
	($ million)	
Property, plant and equipment	657	507
Finance debt	657	507
BP shareholders equity		

The following is a summary of the adjustments to profit for the period attributable to BP shareholders and to BP shareholders equity which would be required if US GAAP had been applied instead of IFRS.

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
Profit for the period	**2005**	**2004**	**2005**	**2004**
		($ million)		
Profit as reported in the consolidated statement of income	5,591	4,335	12,193	9,247
Adjustments:				
Deferred taxation/business combinations (i)	(67)	(145)	(151)	(5)
Provisions (ii)	111	33	118	20
Oil and natural gas reserve differences (iii)	6		11	
Sale and leaseback (iv)	1	5	2	3
Derivative financial instruments (vi)	5	(420)	103	(240)
Inventory valuation (vii)	54	133	(255)	155
Gain arising on asset exchange (viii)	(3)	(5)	(6)	(8)
Pensions and other postretirement benefits (ix)	(122)	(45)	(241)	(142)
Impairments (x)	(5)		6	
Provisions for severance and operating costs (xi)	(4)		(21)	
Equity-accounted investments (xii)	(53)	(11)	(164)	(18)
Other		19	41	(61)
Profit for the period as adjusted to accord with US GAAP	5,514	3,899	11,636	8,951
Dividend requirement on preference shares	1	1	1	1
Profit for the period applicable to ordinary shares as adjusted to accord with US GAAP	5,513	3,898	11,635	8,950
Per ordinary share cents				
Basic	25.93	17.82	54.48	40.69
Diluted	25.57	17.46	53.73	39.85
Per American Depositary Share cents (a)				
Basic	155.58	106.92	326.88	244.14
Diluted	153.42	104.76	322.38	239.10

(a) One American Depositary Share is equivalent to six ordinary shares.

BP shareholders equity	June 30, 2005 (Unaudited)	December 31, 2004 (Unaudited)
	($ million)	
BP shareholders equity as reported in the consolidated balance sheet	78,925	76,892
Adjustments:		
Deferred taxation/business combinations (i)	2,412	2,563
Provisions (ii)	(30)	(137)
Oil and natural gas reserve differences (iii)	41	30
Sale and leaseback (iv)	(41)	(43)
Goodwill and intangible assets (v)	193	224
Derivative financial instruments (vi)	221	(315)
Inventory valuation (vii)	(190)	65
Gain arising on asset exchange (viii)	245	251
Pensions and other postretirement benefits (ix)	3,820	4,089
Impairments (x)	683	677
Provisions for severance and operating costs (xi)	39	60
Equity accounted investments (xii)	48	212
Investments (xiii)		227
Consolidation of variable interest entities (xiv)		
Other		(40)
BP shareholders equity as adjusted to accord with US GAAP	86,366	84,755

Comprehensive income

The components of comprehensive income, net of related tax are as follows:

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
	2005	2004	2005	2004
	($ million)			
Profit for the period as adjusted to accord with US GAAP	5,514	3,899	11,636	8,951
Currency translation differences	(1,641)	(440)	(2,337)	(202)
Investments				
Unrealized gains	42		51	59
Unrealized losses	(35)	(42)	(42)	(42)
Less: reclassification adjustment for gains included in net income			(43)	(1,165)
Cash flow hedges	(86)		(146)	
Additional minimum pension liability				
Comprehensive income	3,794	3,417	9,119	7,601

	At June 30, 2005 (Unaudited)	At December 31, 2004 (Unaudited)
	($ million)	
Currency translation differences	2,024	4,361
Net unrealized gains on investments	193	227
Cash flow hedges	(146)	
Pension liability adjustment	(1,115)	(1,115)
Accumulated comprehensive income	956	3,473

Impact of new US accounting standards

Inventory: In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151 Inventory Costs an amendment of ARB No. 43, Chapter 4 (SFAS 151). SFAS 151 requires that items, such as idle facility expense, excessive spoilage, double freight and re-handling costs, be recognized as current-period charges. SFAS 151 also requires that the allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS 151 is effective for accounting periods beginning after June 15, 2005. The adoption of SFAS 151 is not expected to have a significant effect on the Group s profit, as adjusted to accord with US GAAP, or BP shareholders equity as adjusted to accord with US GAAP.

Discontinued operations: In November 2004, the EITF reached a consensus on Issue No. 03-13 Applying the Conditions in Paragraph 42 of FASB Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, in Determining Whether to Report Discontinued Operations (EITF 03-13). Under EITF 03-13, a disposed component of an enterprise is classified as a discontinued operation only where the ongoing entity has no continuing direct cash flows and does not retain an interest, contract or other arrangement sufficient to enable the entity to exert significant influence over the disposed component s operating and financial policies after disposal. EITF 03-13 is effective for a component of an enterprise that is either disposed of or classified as held for sale in accounting periods beginning after December 15, 2004.

Revenue: In November 2004, the EITF began discussion of Issue No. 04-13 Accounting for Purchases and Sales of Inventory with the Same Counterparty (EITF 04-13). EITF 04-13 addresses accounting issues that arise when a company both sells inventory to and buys inventory from another entity in the same line of business. The purchase and sale transactions may be pursuant to a single contractual arrangement or separate contractual arrangements and the inventory purchased or sold may be in the form of raw material, work-in-process or finished goods. At issue is whether the revenue, inventory cost and cost of sales should be recorded at fair value or whether the transactions should be classified as nonmonetary transactions. The EITF has reached a tentative conclusion that inventory purchase and sale transactions with the same counterparty that are entered into contemplation of one another should be accounted for as nonmonetary transactions. The EITF plans to discuss EITF 04-13 further.

Practice within the oil and natural gas industry varies for buy/sell arrangements with common counter parties and physical exchanges. The Group accounts for buy/sell arrangements and physical exchanges on a net basis.

Nonmonetary asset exchanges: In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153 Exchanges of Nonmonetary Assets an amendment of APB Opinion No. 29 (SFAS 153). SFAS 153 eliminates the Accounting Principles Board Opinion No. 29 exception for nonmonetary exchanges of similar productive assets and replaces it with an exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS 153 is effective for nonmonetary asset exchanges occurring in accounting periods beginning after June 15, 2005. The Group adopted SFAS 153 with effect from January 1, 2005. The adoption of SFAS 153 did not have a significant effect on the Group s profit, as adjusted to accord with US GAAP, or BP shareholders equity, as adjusted to accord with US GAAP.

Share options: In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004) Share-Based Payment (SFAS 123R). SFAS 123R, which is a revision of Statement of Financial Accounting Standards No. 123 Accounting for Stock-Based Compensation (SFAS 123), supersedes APB Opinion No. 25 Accounting for Stock Issued to Employees . Under SFAS 123R, share-based payments to employees and others are required to be recognized in the income statement based on their fair value. Pro forma disclosure is no longer a permitted alternative.

Effective January 1, 2005, as part of the adoption of IFRS, the Group adopted International Financial Reporting Standard 2 Share-based Payment (IFRS 2). IFRS 2 requires the recognition of expense when goods or services are received from employees or others in consideration for equity instruments or amounts that are based on the value of an entity s equity instruments. The recognition and measurement provisions of IFRS 2 are similar to those of SFAS 123R.

In adopting IFRS 2, the Company elected to restate prior period results to recognize the expense associated with equity-settled share-based payment transactions that were not fully vested as January 1, 2003 and the liability associated with cash-settled share-based payment transactions as of January 1, 2003.

The Group adopted SFAS 123R with effect from January 1, 2005.

Taxation: In December 2004, the FASB issued Staff Position No. 109-1 Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004 (FSP 109-1). FSP 109-1, effective upon issuance, requires that the manufacturers deduction provided for under the American Jobs Creation Act of 2004 (the Jobs Creation Act) be accounted for as special deduction in accordance with FASB Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, rather than a tax rate reduction. The manufacturers deduction will be recognized by the Company in the year the benefit is earned.

In December 2004, the FASB issued Staff Position No. 109-2 Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 (FSP 109-2). The Jobs Creation Act provides a special one-time provision allowing earnings of certain non US companies to be repatriated to a US parent company at a reduced tax rate. FSP 109-2, effective upon issuance, permits additional time beyond the financial reporting period of enactment in order to evaluate the effect of the Jobs Creation Act without undermining an entity s assertion that repatriation of non US earnings to a US parent company is not expected within the foreseeable future. As provided by FSP 109-2, the Group has elected to defer a decision on potentially altering current plans regarding the permanent reinvestment in certain non US subsidiaries and corporate joint ventures. The income tax effects associated with any repatriation of unremitted earnings as a result of the Jobs Creation Act cannot be reasonably estimated at this time.

Provisions: In March 2005, the FASB issued FASB Interpretation No. 47 Accounting for Conditional Asset Retirement Obligations an interpretation of FASB Statement No. 143 (Interpretation 47). Under Interpretation 47, a conditional asset retirement obligation represents an unconditional obligation to perform an asset retirement activity where the timing or method of settlement is conditional on a future event that may or may not be within the control of the entity. Interpretation 47 clarifies that an entity is required to recognize a liability, when incurred, for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. Uncertainty about the timing or method of settlement of a conditional asset retirement obligation is factored into the measurement of the liability when sufficient information exists. SFAS 143 acknowledges that in some cases, sufficient information may not be available to reasonably estimate the fair value of an asset retirement obligation. Interpretation 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. Interpretation 47 is effective for fiscal years ending after December 15, 2005. While the Group has not yet completed its evaluation of the impact of adopting Interpretation 47 on the Group s profit, as adjusted to accord with US GAAP, or BP shareholders equity as adjusted to accord with US GAAP.

Fixed assets: FASB Statement of Financial Accounting Standards No. 19 Financial Accounting and Reporting by Oil and Gas Producing Companies (SFAS 19) requires the cost of drilling an exploratory well (exploration or exploratory-type stratigraphic test wells) to be capitalized pending determination of whether the well has found proved reserves. If this determination cannot be made at the conclusion of drilling, SFAS No. 19 sets out additional requirements for continuing to carry the cost of the well as an asset. These requirements include firm plans for further drilling and a one-year time limitation on continued capitalization in certain situations. Subsequent to the issuance of SFAS 19, as a result of the increasing complexity of oil and gas projects due to drilling in remote and deepwater offshore locations, entities increasingly require more than one year to complete all of the activities that permit recognition of proved reserves. In addition, because of new technologies, in certain situations additional exploratory wells may no longer be required before a project can commence.

In April 2005, the FASB issued Staff Position No. 19-1 Accounting for Suspended Well Costs (FSP 19-1). FSP 19-1 amends SFAS 19 to permit the continued capitalization of exploratory well costs beyond one year if (a) the well found a sufficient quantity of reserves to justify its completion as a producing well and (b) the entity is making sufficient progress assessing the reserves and the economic and operating viability of the project. If either condition is not met, or if an entity obtains information that raises substantial doubt about the economic or operational viability of the project, the exploratory well is assumed to be impaired, and its costs, net of any salvage value, is charged to expense. FSP 19-1 provides a number of indicators that would be considered in order to demonstrate that sufficient progress was being made in assessing the reserves and the economic viability of the project. FSP 19-1 is effective for accounting periods beginning after April 4, 2005. Early application of the guidance is permitted in periods for which financial statements have not yet been issued.

BP s accounting policy is that costs directly associated with an exploration well are capitalized as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are found, and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to property, plant and equipment. BP has adopted the FSP with effect from January 1, 2004. No previously capitalized costs were expensed upon the adoption of the FSP.

Accounting changes and error corrections: In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154 Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3 (SFAS 154). SFAS 154 applies to all voluntary changes in accounting principle and changes the requirements for the accounting for and reporting of a change in accounting principle. SFAS 154 requires retrospective application to prior period financial statements of a voluntary change in accounting principle unless it is impracticable. Previously, most voluntary changes in accounting principle were recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS 154 also requires that a change in the method of depreciation, amortization or depletion for long-lived nonfinancial assets be accounted for as a change in accounting estimate that is effected by a change in accounting principle. Previously, such changes were reported as a change in accounting principle. SFAS 154 is effective for accounting changes and corrections of errors made in accounting periods beginning after December 15, 2005. The adoption of SFAS 154 is not expected to have a significant effect on profit, as adjusted to accord with US GAAP, or BP shareholders equity, as adjusted to accord with US GAAP.

Note 16 - TNK-BP operational and financial information

	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
	2005	**2004**	**2005**	**2004**
Production (Net of Royalties) (BP share)				
Crude oil (mb/d)	903	814	889	790
Natural gas (mmcf/d)	429	450	477	416
Total hydrocarbons (mboe/d) (a)	977	891	971	862
		($ million)		
Income statement (BP share)				
Profit before interest and tax	920	581	1,535	955
Interest expense*	(32)	(26)	(61)	(56)
Taxation	(227)	(161)	(394)	(269)
Minority interest	(20)	(10)	(28)	(20)
Net income	641	384	1,052	610

* Excludes unwinding of discount on deferred consideration	17	26	34	52

(a) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

Note 17 - Equity-accounted entities

The Group s profit for the period includes the following in respect of equity-accounted entities.

	Profit before interest and tax	Interest	Tax (Unaudited) ($ million)	Minority interest	Profit for the period
Three months ended June 30, 2005					
Exploration and Production	1,163	(56)	(289)	(20)	798
Refining and Marketing	62	(5)	(13)		44
Gas, Power and Renewables	9	(3)	(1)		5
Other businesses and corporate		(1)			(1)
	1,234	(65)	(303)	(20)	846
Three months ended June 30, 2004					
Exploration and Production	814	(46)	(222)	(10)	536
Refining and Marketing	71	(4)	(17)		50
Gas, Power and Renewables	2	(1)			1
Other businesses and corporate	7	(1)			6
	894	(52)	(239)	(10)	593
Six months ended June 30, 2005					
Exploration and Production	2,004	(108)	(516)	(28)	1,352
Refining and Marketing	134	(10)	(31)		93
Gas, Power and Renewables	14	(5)	(3)		6
Other businesses and corporate	(1)	(4)			(5)
	2,151	(127)	(550)	(28)	1,446
Six months ended June 30, 2004					
Exploration and Production	1,377	(96)	(380)	(20)	881
Refining and Marketing	163	(8)	(36)		119
Gas, Power and Renewables	2	(3)			(1)
Other businesses and corporate	15	(2)			13
	1,557	(109)	(416)	(20)	1,012

Note 18 - Condensed consolidating information

BP p.l.c. fully and unconditionally guarantees the payment obligations of its 100% owned subsidiary BP Exploration (Alaska) Inc. under the BP Prudhoe Bay Royalty Trust. The following financial information for BP p.l.c., and BP Exploration (Alaska) Inc. and all other subsidiaries on a condensed consolidating basis is intended to provide investors with meaningful and comparable financial information about BP p.l.c. and its subsidiary issuers of registered securities and is provided pursuant to Rule 3-10 of Regulation S-X in lieu of the separate financial statements of each subsidiary issuer of public debt securities. Investments include the investments in subsidiaries recorded under the equity method for the purposes of the condensed consolidating financial information. Equity income of subsidiaries is the Group s share of operating profit related to such investments. The eliminations and reclassifications column includes the necessary amounts to eliminate the intercompany balances and transactions between BP p.l.c., BP Exploration (Alaska) Inc. and other subsidiaries.

BP p.l.c. also fully and unconditionally guarantees securities issued by BP Australia Capital Markets Limited, BP Canada Finance Company, BP Capital Markets p.l.c. and BP Capital Markets America Inc. These companies are 100%-owned finance subsidiaries of BP p.l.c.

Income statement	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
Three months ended June 30, 2005					
Sales and other operating revenues	1,235		86,817	(1,235)	86,817
Earnings from jointly controlled entities - after interest and tax			742		742
Earnings from associates - after interest and tax			104		104
Equity accounted income of subsidiaries - after interest and tax	154	5,558		(5,712)	
Interest and other revenues	62	95	162	(178)	141
Total revenues	1,451	5,653	87,825	(7,125)	87,804
Gain on sale of businesses and fixed assets			202		202
Total revenues and other income	1,451	5,653	88,027	(7,125)	88,006
Purchases	171		67,431	(1,235)	66,367
Production and manufacturing expenses	115		6,220		6,335
Production and similar taxes	88		609		697
Depreciation, depletion and amortization	115		2,260		2,375
Impairment and losses on sale of businesses and fixed assets			76		76
Exploration expense	1		138		139
Distribution and administration expenses		71	3,229	(48)	3,252
Fair value (gain) loss on embedded derivatives			621		621
Profit before interest and taxation	961	5,582	7,443	(5,842)	8,144
Interest payable		83	175	(130)	128
Other finance expense (income)	3	(113)	144		34
Profit before taxation	958	5,612	7,124	(5,712)	7,982
Taxation	207	21	2,094		2,322
Profit for the period	751	5,591	5,030	(5,712)	5,660
Attributable to:					
BP shareholders	751	5,591	4,961	(5,712)	5,591
Minority interest			69		69
	751	5,591	5,030	(5,712)	5,660

The following is a summary of the adjustments to the profit for the period attributable to BP shareholders which would be required if US GAAP had been applied instead of IFRS.

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
Three months ended June 30, 2005					
Profit as reported	751	5,591	4,961	(5,712)	5,591
Adjustments:					
Deferred taxation/business combinations	(6)	(67)	(61)	67	(67)
Provisions	2	111	110	(112)	111
Oil and natural gas reserve differences		6	6	(6)	6
Sale and leaseback		1	1	(1)	1
Derivative financial instruments		5	5	(5)	5
Inventory valuation	(52)	54	54	(2)	54
Gain arising on asset exchange	(3)	(3)		3	(3)
Pensions and other postretirement benefits		(122)	(82)	82	(122)
Impairments		(5)	(5)	5	(5)
Provisions for severance and operating costs		(4)	(4)	4	(4)
Equity-accounted investments		(53)	(53)	53	(53)
Other					
Profit for the period as adjusted to accord with US GAAP	692	5,514	4,932	(5,624)	5,514

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
Three months ended June 30, 2004					
Sales and other operating revenues	946		70,314	(946)	70,314
Earnings from jointly controlled entities - after interest and tax			496		496
Earnings from associates - after interest and tax			97		97
Equity-accounted income of subsidiaries - after interest and tax	108	4,023		(4,131)	
Interest and other revenues	5	355	190	(389)	161
Total revenues	1,059	4,378	71,097	(5,466)	71,068
Gain on sale of businesses and fixed assets			66		66
Total revenues and other income	1,059	4,378	71,163	(5,466)	71,134
Purchases	115		54,966	(946)	54,135
Production and manufacturing expenses	106		4,505		4,611
Production and similar taxes	65		359		424
Depreciation, depletion and amortization	138		1,986		2,124
Impairment and losses on sale of businesses and fixed assets			353		353
Exploration expense	1		107		108
Distribution and administration expenses	2	107	3,008	(33)	3,084
Fair value (gain) loss on embedded derivatives					
Profit before interest and taxation	632	4,271	5,879	(4,487)	6,295
Interest payable	9	34	408	(356)	95
Other finance expense (income)	3	(89)	162		76
Profit before taxation	620	4,326	5,309	(4,131)	6,124
Taxation	236	(9)	1,520		1,747
Profit for the period	384	4,335	3,789	(4,131)	4,377
Attributable to:					
BP shareholders	384	4,335	3,747	(4,131)	4,335
Minority interest			42		42
	384	4,335	3,789	(4,131)	4,377

The following is a summary of the adjustments to the profit for the period attributable to BP shareholders which would be required if US GAAP had been applied instead of IFRS.

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
Three months ended June 30, 2004					
Profit as reported	384	4,335	3,747	(4,131)	4,335
Adjustments:					
Deferred taxation/business combinations	(8)	(145)	(137)	145	(145)
Provisions	(1)	33	34	(33)	33
Sale and leaseback		5	5	(5)	5
Goodwill and intangible assets					
Derivative financial instruments		(420)	(420)	420	(420)
Inventory valuation		133	133	(133)	133
Gain arising on asset exchange	(5)	(5)		5	(5)
Pensions and other postretirement benefits		(45)	(40)	40	(45)
Equity-accounted investments		(11)	(11)	11	(11)
Other	7	19	19	(26)	19
Profit for the period as adjusted to accord with US GAAP	377	3,899	3,330	(3,707)	3,899

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
Six months ended June 30, 2005					
Sales and other operating revenues	2,419		165,815	(2,419)	165,815
Earnings from jointly controlled entities after interest and tax			1,228		1,228
Earnings from associates after interest and tax			218		218
Equity-accounted income of subsidiaries - after interest and tax	320	12,153		(12,473)	
Interest and other revenues	101	141	374	(263)	353
Total revenues	2,840	12,294	167,635	(15,155)	167,614
Gain on sale of businesses and fixed assets			1,400		1,400
Total revenues and other income	2,840	12,294	169,035	(15,155)	169,014
Purchases	367		127,624	(2,419)	125,572
Production and manufacturing expenses	251		11,514		11,765
Production and similar taxes	168		1,178		1,346
Depreciation, depletion and amortization	234		4,429		4,663
Impairment and losses on sale of businesses and fixed assets			322		322
Exploration expense	1		298		299
Distribution and administration expenses		189	6,557	(62)	6,684
Fair value (gain) loss on embedded derivatives			743		743
Profit before interest and taxation	1,819	12,105	16,370	(12,674)	17,620
Interest payable		122	379	(201)	300
Other finance expense (income)	6	(228)	285		63
Profit before taxation	1,813	12,211	15,706	(12,473)	17,257
Taxation	499	18	4,417		4,934
Profit for the period	1,314	12,193	11,289	(12,473)	12,323
Attributable to:					
BP shareholders	1,314	12,193	11,159	(12,473)	12,193
Minority interest			130		130
	1,314	12,193	11,289	(12,473)	12,323

The following is a summary of the adjustments to the profit for the period attributable to BP shareholders which would be required if US GAAP had been applied instead of IFRS.

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
Six months ended June 30, 2005					
Profit as reported	1,314	12,193	11,159	(12,473)	12,193
Adjustments:					
Deferred taxation/business combinations	(11)	(151)	(140)	151	(151)
Provisions	3	118	116	(119)	118
Oil and natural gas reserve differences		11	11	(11)	11
Sale and leaseback		2	2	(2)	2
Derivative financial instruments		103	103	(103)	103
Inventory valuation	(100)	(255)	(255)	355	(255)
Gain arising on asset exchange	(6)	(6)		6	(6)
Pensions and other postretirement benefits		(241)	(156)	156	(241)
Impairments		6	6	(6)	6
Provisions for severance and operating costs		(21)	(21)	21	(21)
Equity-accounted investments		(164)	(164)	164	(164)
Other		41	41	(41)	41
Profit for the period as adjusted to accord with US GAAP	1,200	11,636	10,702	(11,902)	11,636

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
Six months ended June 30, 2004					
Sales and other operating revenues	1,826		138,775	(1,826)	138,775
Earnings from jointly controlled entities after interest and tax			808		808
Earnings from associates after interest and tax			204		204
Equity accounted income of subsidiaries - after interest and tax	195	8,770		(8,965)	
Interest and other revenues	9	633	326	(718)	250
Total revenues	2,030	9,403	140,113	(11,509)	140,037
Gain on sale of businesses and fixed assets			1,615		1,615
Total revenues and other income	2,030	9,403	141,728	(11,509)	141,652
Purchases	255		108,193	(1,826)	106,622
Production and manufacturing expenses	207		9,259		9,466
Production and similar taxes	129		820		949
Depreciation, depletion and amortization	260		4,027		4,287
Impairment and losses on sale of businesses and fixed assets			779		779
Exploration expense	1		243		244
Distribution and administration expenses	2	247	5,765	(43)	5,971
Fair value (gain) loss on embedded derivatives					
Profit before interest and taxation	1,176	9,156	12,642	(9,640)	13,334
Interest payable	17	85	766	(675)	193
Other finance expense (income)	7	(178)	323		152
Profit before taxation	1,152	9,249	11,553	(8,965)	12,989
Taxation	407	2	3,257		3,666
Profit for the period	745	9,247	8,296	(8,965)	9,323
Attributable to:					
BP shareholders	745	9,247	8,220	(8,965)	9,247
Minority interest			76		76
	745	9,247	8,296	(8,965)	9,323

The following is a summary of the adjustments to the profit for the period attributable to BP shareholders which would be required if US GAAP had been applied instead of IFRS.

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries	Eliminations and reclassifications	BP Group
			($ million)		
Six months ended June 30, 2004					
Profit as reported	745	9,247	8,220	(8,965)	9,247
Adjustments:					
Deferred taxation/business combinations	(14)	(5)	9	5	(5)
Provisions	(1)	20	21	(20)	20
Sale and leaseback		3	3	(3)	3
Derivative financial instruments		(240)	(240)	240	(240)
Inventory valuation		155	155	(155)	155
Gain arising on asset exchange	(10)	(8)	2	8	(8)
Pensions and other postretirement benefits		(142)	(124)	124	(142)
Equity-accounted investments		(18)	(18)	18	(18)
Other		(61)	(61)	61	(61)
Profit for the period as adjusted to accord with US GAAP	720	8,951	7,967	(8,687)	8,951

Balance sheet	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
At June 30, 2005					
Noncurrent assets					
Property, plant and equipment	5,885		85,062		90,947
Goodwill			10,555		10,555
Other intangible assets	432		4,086		4,518
Investments in jointly controlled entities			14,499		14,499
Investments in associates		2	5,711		5,713
Other investments			748		748
Subsidiaries equity-accounted basis	3,389	110,531		(113,920)	
Fixed assets	9,706	110,533	120,661	(113,920)	126,980
Loans and other receivables	3,055	1,411	5,991	(4,741)	5,716
Defined benefit pension plan surplus		2,094	12		2,106
	12,761	114,038	126,664	(118,661)	134,802
Current assets					
Inventories	87		17,979		18,066
Trade and other receivables	10,331	1,074	59,917	(24,983)	46,339
Current tax receivable			155		155
Cash and cash equivalents	4	6	1,350		1,360
	10,422	1,080	79,401	(24,983)	65,920
Total assets	23,183	115,118	206,065	(143,644)	200,722
Current liabilities					
Trade and other payables	4,427	9,743	62,583	(24,983)	51,770
Finance debt	55		6,451		6,506
Current tax payable	643		4,626		5,269
Provisions			1,423		1,423
	5,125	9,743	75,083	(24,983)	64,968
Noncurrent liabilities					
Other payables	312	70	12,515	(4,741)	8,156
Finance debt			12,796		12,796
Deferred tax liabilities	1,813	237	14,387		16,437
Provisions	563		7,948		8,511
Defined benefit pension plan and other postretirement benefit plan deficits	86		9,671		9,757
	2,774	307	57,317	(4,741)	55,657
Total liabilities	7,899	10,050	132,400	(29,724)	120,625
Net assets	15,284	105,068	73,665	(113,920)	80,097
Equity					
BP shareholders equity	15,284	105,068	72,493	(113,920)	78,925
Minority interest			1,172		1,172
	15,284	105,068	73,665	(113,920)	80,097

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
At June 30, 2005					
Capital and reserves					
Capital shares	3,353	5,315		(3,353)	5,315
Paid-in surplus	3,145	6,646		(3,146)	6,645
Merger reserve		26,486	697		27,183
Other reserves		23			23
Shares held by ESOP trusts		(115)			(115)
Revaluation of available-for-sale investments				209	209
Cash flow hedges				(278)	(278)
Exchange differences on translation of foreign operations				3,254	3,254
Treasury shares		(3,286)			(3,286)
Share-based payments		558		(6)	552
Retained earnings	8,786	69,441	71,796	(110,600)	39,423
	15,284	105,068	72,493	(113,920)	78,925

The following is a summary of the adjustments to BP shareholders equity which would be required if US GAAP had been applied instead of IFRS.

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
BP shareholders equity as reported	15,284	105,068	72,493	(113,920)	78,925
Adjustments:					
Deferred taxation/business combinations	244	2,412	2,168	(2,412)	2,412
Provisions	29	(30)	(57)	28	(30)
Oil and natural gas reserve differences		41	41	(41)	41
Sale and leaseback		(41)	(41)	41	(41)
Goodwill		193	193	(193)	193
Derivative financial instruments		221	221	(221)	221
Inventory valuation	(163)	(190)	(190)	353	(190)
Gain arising on asset exchange	245	245		(245)	245
Pensions and other postretirement benefits	82	3,820	2,404	(2,486)	3,820
Impairments		683	683	(683)	683
Provisions for severance and operating costs		39	39	(39)	39
Equity-accounted investments		48	48	(48)	48
BP shareholders equity as adjusted to accord with US GAAP	15,721	112,509	78,002	(119,866)	86,366

	Issuer BP Exploration (Alaska) Inc.	Guarantor BP p.l.c.	Other subsidiaries ($ million)	Eliminations and reclassifications	BP Group
At December 31, 2004					
Noncurrent assets					
Property, plant and equipment	5,939		87,153		93,092
Goodwill			10,857		10,857
Other intangible assets	418		3,787		4,205
Investments in jointly controlled entities			14,556		14,556
Investments in associates		2	5,484		5,486
Other investments			467		467
Subsidiaries equity-accounted basis	3,069	106,704		(109,773)	
Fixed assets	9,426	106,706	122,304		