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BRITOIL LIMITED
(Registered No.SC077750)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED TO 31 DECEMBER 2024

Board of directors: R J Eaton
D F Reiter
L A Kingham

The directors present the Strategic Report, their report and the audited financial statements on Britoil Limited (also referred to as the 'company') for the year ended 31 December 2024.

The company is a member of the bp group of companies whose ultimate holding company is BP p.l.c. The term 'bp group', 'bp' or 'group' in this context and where used elsewhere in these reports and financial statements means BP p.l.c. and its subsidiaries. These terms are used in this report for convenience to refer to one or more of the members of the bp group instead of identifying a particular company or companies.

STRATEGIC REPORT

Principal activities

The company is engaged in the production and selling of petroleum products. It also provides services to other group undertakings within the bp group and holds investments in subsidiary undertakings engaged in similar activities.

As at 31 December 2024, the company holds the below interests in the following North Sea fields, in the UK continental shelf:

Field Name	Operated by	Interest held (%)
Arundel	BP	20.00
Clair	BP	17.48
Clair Ridge	BP	17.48
Don NE	BP	80.29
Don SW	BP	58.33
Foinaven Main Field	BP	100.00
Foinaven East	BP	100.00
T25/T35	BP	100.00
WOSPS	BP	66.42
Viking & VTS	Non-BP	50.00
Valkyrie	Non-BP	25.00
Vixen	Non-BP	50.00
Culzean	Non-BP	32.00
Thistle	Non-BP	1.00

Main producing fields are Clair, Clair Ridge and Culzean.

In 2021 bp suspended production from the Foinaven fields, located west of Shetland, and decommissioning activity to remove the FPSO (Floating, Production, Storage and Offloading) vessel completed in 2022. Planning for the decommissioning of wells and subsea infrastructure commenced in 2024. On 2 May 2024, Britoil Limited acquired unit area and licence interests relating to the East Foinaven, Foinaven (Main), and T25/T35 fields as well as licence interests in the South West Foinaven prospect and ownership interests in

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the West of Shetland Pipeline System. In connection with the acquisition Britoil Limited received a reverse cash consideration of $200 million and assumed decommissioning liabilities of $232 million. As a result, Britoil now owns 100% of Foinaven area facilitating decision making going forward.

Results

The profit for the year after taxation was $13,766,000 which, when added to the retained profit brought forward at 1 January 2024 of $1,181,520,000 and after deducting total paid interim dividends to ordinary shareholders of $500,000,000, gives a total retained profit carried forward at 31 December 2024 of $695,286,000.

Review of the business

The key financial performance indicators during the year were as follows:

	2024	2023	Variance
	$000	$000	%
Turnover	1,003,286	1,312,797	(24)
Operating profit / (loss)	69,505	(518,800)	(113)
Profit / (loss) for the year	13,766	(816,428)	(102)
Total equity	3,218,293	3,704,527	(13)

	2024	2023	Variance
	%	%	
Quick ratio*	474	235	239
Return on average capital employed**	2	(16)	18
Gross profit percentage***	53	53	—

*Quick ratio is defined as current assets (excluding stocks, debtors falling due after one year, derivatives and other financial instruments falling due after one year and deferred tax assets) divided by current liabilities.

**Return on average capital employed is defined as profit for the year after adding back interest, divided by average capital employed. Capital employed is defined as total equity plus gross debt, excluding goodwill and cash.

***Gross profit percentage is defined as gross profit divided by turnover.

Turnover has decreased by $309,511,000 in 2024 mainly due to a decrease of $299,755,000 in gas and $9,669,000 in oil & NGL (natural gas liquid) revenue and slight decrease in tariff income.

Decrease in gas revenue from $819,021,000 in 2023 to $519,266,000 in 2024 was mainly driven by the significant decrease in the average gas realized price year on year from $14,536/mmscf (2023) to $11,548/ mscf (2024) resulting in a decrease of $133,924,000. A decline in production from 56,337 mmscf to 44,817 mmscf in the respective years resulted in a decrease of $165,831,000.

Decrease in oil revenue from $449,627,000 in 2023 to $442,944,000 in 2024 was mainly driven by the decrease in average oil realised price, from $102.13/ bbl (2023) to $79.28/bbl (2024), resulting in a decrease in revenue of $11,087,000. An increase in the oil production in amount of $4,404,000 partially offset the decrease (5.5 mmboe both years).

Decrease in NGL (natural gas liquid) revenue by $2,986,000 was driven by the decrease of the production of the Culzean field (from 77,569 tonnes to 69,663 tonnes in the respective years) amounting to $4,406,000, partially offset by increase of average NGL realized price from $538.95/tonne in 2023 to $557.26/tonne in 2024 amounting to $1,275,000.

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STRATEGIC REPORT

The company generated an operating profit of $69,505,000 in 2024 compared to $518,800,000 loss in 2023. Primary drivers of this change are the following: impairment of goodwill in the amount of $803,748,000 in 2023; decrease in turnover in amount of $309,511,000 described above; lower cost of sales in amount of $154,430,000; lower impairment charge of tangible assets by $96,582,000; partially offset by an increase in impairment charge recognized for fixed asset investments of $160,949,000; and individually immaterial factors aggregating to $4,005,000.

The tax charge for the year is $203,620,000. This represents a decrease compared to the prior year charge of $286,262,000, and is due to a decrease in the current tax charge of $205,852,000 and a decrease in the deferred tax credit of $123,210,000.

The increase of quick ratio was mainly due to repayment of the loan from BP International Limited maturing in October 2024.

Increase of return on average capital employed was mainly attributable to the profit for the year compared to the loss in 2023.

The decrease of gross profit percentage was mainly due to the decrease in realized prices for the company's product as described above.

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STRATEGIC REPORT

Section 172 (1) statement

This section describes how the directors have had regard to the matters set out in section 172 (1) (a) - (f) of the Companies Act 2006 (the 'Section 172 factors') and forms the statement required under section 414CZA of the Companies Act 2006. The directors understand their duties under Section 172 and receive training on them upon their appointment, and at regular intervals thereafter.

The board is committed to doing business ethically and transparently, using bp's values and code of conduct to guide them when engaging and working with business partners. The company's activities, and the decisions of the board, affect a wide variety of individuals and organisations. The directors engage with the company's stakeholders, listening to their differing needs and priorities as part of their role as a senior leader at bp and use the feedback received to inform the board's decision-making.

Section 172 factors	
(a) – The likely consequences of any decision in the long term; (e) – the desirability of the company maintaining a reputation for high standards of business conduct	When performing their duties, the directors of the company had regard to the bp group strategy and how the long-term success and sustained economic viability of the company supports the bp group's financial frame and sustainability frame. bp's code of conduct, which was updated in 2024, and "Who we are" beliefs set clear expectations for how bp, the company and the board operate to maintain a reputation for high standards of business conduct.
(b) – the interests of the company's employees	The company has no employees.
(c) – The need to foster the company's business relationships with suppliers, customers and others	During 2024, the directors of the company reiterated their focus on engaging and fostering relationships with suppliers and customers. Their actions were aligned with bp's Code of Conduct and 'Who we are' beliefs. Furthermore, the board reviewed and considered the company's prompt payment reporting performance and disclosed its practices in respect of the same on a bi-annual basis.
(d) – The impact of the company's operations on the community and the environment	The directors of the company are committed to the bp group's sustainability frame which includes 10 aims to get bp to net zero and help the world get there too, 5 aims to improve people's lives and 5 aims to care for our planet.
(e) - The need to act fairly as between members of the company	In considering both the short- and long-term consequences of decisions, the directors consider how to best maximize the long-term shareholder value for its member as a wholly-owned subsidiary.

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In addition to the section 172 stakeholders set out above, the company considers its key stakeholders groups to include:

Stakeholders	
Government/Regulators	The company recognizes the need to create valued relationships with the government/regulators such as Health and Safety Executive, Offshore Petroleum Regulator for Environment & Decommissioning, and North Sea Transition Authority centered around ethics and transparency, and the need to discuss relevant regulations and guidance where necessary. The board is provided with updates on changes in regulation and /or legislation impacting the company and is committed to keeping the government/regulators informed of any significant changes to the company.
Industry bodies	The company is an active member of Offshore Energies UK, which represents the integrated offshore energy industry.

The company's principal decisions

The board recognizes the importance of considering and having regard to the section 172 factors when making decisions, particularly principal decisions of the company. The company has taken the view that a 'principal' decision is one which is material and strategic in nature and would affect the ability of the company to generate or preserve value over the long term.

The following principal decisions were taken by the company during the period:

Principal decision	Relevant factors taken into account during decision making process
Acquisition of Licence and Ownership Interests	In April 2024, the directors approved the acquisition of the licence interests in Foinaven and the ownership interests in West of Shetland Gas Pipeline from the minority shareholders and considered the long-term effects on the company of the decision.
Approval and payment of an interim dividend	In December 2024, the directors considered the impact of such a decision on the long-term prospects of the company, as well as considering the financial position of the company to ensure that it has the sufficient distributable reserves at the time of the interim dividend.

Principal risks and uncertainties

The bp group manages, monitors and reports on the principal risks and uncertainties that can impact the group's ability to deliver its strategy. The group's system of internal control includes policies, processes, management systems, organizational structures, culture and standards of conduct employed to manage bp's business and associated risks.

Throughout the year, bp management, the leadership team, the board and relevant committees provide oversight of how principal risks to bp are identified, assessed and managed. They support appropriate governance of risk management including having relevant policies in place to help manage risks. Such oversight may include internal audit reports, group risk reports and reviews of the outcomes of business processes including strategy, planning and resource and capital allocation. bp's group risk team analyses the group's risk profile and maintains the group's risk management system. bp's internal audit team provides independent assurance to the chief executive and board as to whether the group's system of internal control is adequately designed and operating effectively to respond appropriately to the risks that are significant to bp.

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The company aims to deliver sustainable value by identifying and responding successfully to risks in line with the group's risk management process.

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the company's strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation. Unless stated otherwise, further details on these risks are included within the risk factors in the Strategic Report of the bp group Annual Report and Form 20-F for the year ended 31 December 2024.

Strategic and commercial risks

Prices and markets

The company's financial performance is impacted by fluctuating prices of oil, gas and refined products, technological change, climate policies and regulations, exchange rate fluctuations and the general macroeconomic outlook. Oil, gas and product prices are subject to international supply and demand and margins can be volatile. Political developments, fluctuations to the supply of either oil or natural gas or to alternative low carbon energy sources, technological change, global economic conditions, public health situations (including the outbreak of an epidemic or pandemic), the introduction of new (or amendment to existing) carbon costs and the influence of OPEC+ can impact supply and demand and prices for our products (including low carbon investments).

Decreases in the price of energy outputs the company produces could have an adverse effect on revenue, margins, profitability and cash flows. If these reductions are significant or for a prolonged period, management may have to write down assets and reassess the viability of certain projects, which may impact future cash flows, profit, capital expenditure, the ability to work within the bp group's financial frame and maintain bp's long-term investment programme. Conversely, an increase in the prices of the energy outputs the company produces may not improve margin performance as there could be increased fiscal take, cost inflation and more onerous terms for access to resources.

Exchange rate fluctuations can create currency exposures and impact underlying costs and revenues. Crude oil prices are generally set in US dollars, while products vary in currency. Many of the company's major project development costs are denominated in local currencies, which may be subject to fluctuations against the US dollar.

Accessing and progressing hydrocarbon resources and low carbon opportunities

The company's inability to access and progress hydrocarbon resources and low carbon opportunities could adversely affect delivery of bp group's strategy. Delivery of bp group's strategy depends partly on the ability to progress hydrocarbon resources from the company's existing portfolio and access new resources. The company's ability to progress upstream resources and develop technologies at a level in line with bp group's strategic outlook for hydrocarbon production could impact future production and financial performance.

Major project delivery

Failure to invest in the best opportunities or deliver major projects successfully could adversely affect the company's financial performance.

The company faces challenges in developing major projects, particularly in geographically and technically challenging areas. Poor investment choice, efficiency or delivery, inflation, supply chain, or operational challenges at any major project that underpins production or production growth, could adversely affect the company's financial performance.

Geopolitical

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment could cause business disruption.

Political instability, changes to the regulatory environment or taxation, international trade disputes and barriers to free trade, international sanctions, expropriation or nationalization of property, civil strife, strikes,

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insurrections, acts of terrorism, acts of war and public health situations (including the outbreak of an epidemic or pandemic) may disrupt or curtail our operations, business activities or investments. These may in turn cause production to decline, limit bp's ability to pursue new opportunities, affect the recoverability of bp's assets and related earnings and cash flow or cause bp to incur additional costs, particularly due to the long-term nature of many of bp's projects and significant capital expenditure required.

Liquidity, financial capacity and financial, including credit, exposure

Failure to work within the financial framework set by the bp group could impact the bp group as well as the company's ability to operate and result in financial loss. Credit rating downgrades could potentially increase financing costs and limit access to financing or engagement in the company's trading activities on acceptable terms, which could put pressure on the company's liquidity.

For further details see Note 29 of the bp group Annual Report and Form 20-F for the year ended 31 December 2024.

Joint arrangements and contractors

The company may have varying levels of control over the standards, operations and compliance of its partners, including non-operated joint ventures, contractors and sub-contractors which could result in legal liability and reputational damage.

The company's partners and contractors are responsible for the adequacy of their resources and capabilities. If these are found to be lacking, there may be financial, reputational, operational or safety exposures for the company. Should an incident occur in an operation that the company participates in, its partners and contractors may be unable or unwilling to fully compensate the company against costs it may incur on their behalf or on behalf of the arrangement.

Where the company does not have operational control of a joint arrangement or direct oversight of contractor activity, the company may still be pursued by regulators or claimants, and may still be the focus for interest groups or media attention in the event of an incident.

Digital infrastructure, cyber security and data protection

The energy industry is subject to fast-evolving risks, including ransomware, from cyber threat actors, including nation states, criminals, terrorists, hacktivists and insiders. Current geopolitical factors have increased these risks. There is also growing regulation around data protection and data privacy, critical national infrastructure and the evolving opportunities and threats from artificial intelligence. A breach or failure of the bp group or third parties' digital infrastructure – including control systems – due to breaches of cyber defences, or those of third parties, negligence, intentional misconduct or other reasons, could seriously disrupt operations. This could result in the loss or misuse of data or sensitive information, including employees' and customers' personal data, injury to people, disruption to bp group's business, harm to the environment or assets, legal or regulatory breaches, legal liability and significant costs including fines, cost of remediation or reputational consequences. Furthermore, the rapid detection of attempts to gain unauthorized access to digital infrastructure, often through the use of sophisticated and co-ordinated means, is a challenge and any delay or failure to detect could compound these potential harms.

Climate change and the transition to a lower carbon economy

Laws, regulations, policies, obligations, government actions, social attitudes and customer preferences relating to climate change and the transition to a lower carbon economy, including the pace of change to any of these factors, and also the pace of the transition itself, could have adverse impacts on our business including on our access to and realization of competitive opportunities, a decline in demand for, or constraints on our ability to sell certain products, constraints on production and supply, adverse litigation and regulatory or litigation outcomes, increased costs from compliance and increased provisions for environmental and legal liabilities.

Investor preferences and sentiment are influenced by environmental, social and governance considerations including climate change and the transition to a lower carbon economy. Changes in those preferences and

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sentiment could affect bp group's access to capital markets and attractiveness to potential investors, potentially resulting in reduced access to financing, increased financing costs and impacts upon business plans and financial performance.

Depending on the nature and speed of any such changes and our response, these changes could increase costs, reduce the company's profitability, reduce demand for certain products, limit our access to new opportunities, require us to write down certain assets or curtail or cease certain operations, and affect investor sentiment, our access to capital markets, our competitiveness and financial performance.

Policy, legal, regulatory, technological and market developments related to climate change could also affect future price assumptions used in the assessment of recoverability of asset carrying values including goodwill, the judgement as to whether there is continued intent to develop exploration and appraisal intangible assets, the timing of decommissioning of assets and the useful economic lives of assets used for the calculation of depreciation and amortization.

Competition

The bp group's strategic progress and performance could be impeded if the company is unable to control its development and operating costs and margins, fails to scale its businesses at pace, or to sustain, develop and operate a high-quality portfolio of assets efficiently. Furthermore, as an integrated energy company, the bp group faces an expanded and rapidly evolving range of competitors in the sectors in which it operates.

The company could be adversely affected if competitors offer superior terms for access rights or licences, or if our innovation in areas such as new low carbon technologies, digital, customer offer, exploration, or production lags behind those of our competitors.

Crisis management and business continuity

The bp group's reputation and business activities could be negatively impacted if the management does not respond, or is perceived not to respond, in an appropriate manner to any major crisis.

Insurance

The bp group insures in situations where this is legally and contractually required. Some risks are insured with third parties and reinsured by group insurance companies. Uninsured losses could have a material adverse effect on the company's financial position, particularly if they arise at a time when the company is facing material costs as a result of a significant operational event which could put pressure on liquidity and cash flows.

Safety and operational risks

Process safety, personal safety and environmental risks

Technical integrity failure, natural disasters, extreme weather or a change in its frequency or severity, human error and other adverse events or conditions, including breach of digital security, could lead to loss of containment of hazardous materials, including hydrocarbons. This could also lead to fires, explosions or other personal and process safety incidents when drilling wells, constructing and operating facilities; in addition to activities associated with transportation by road, sea or pipeline. There can be no certainty that our operating management system or other policies and procedures will adequately identify all process safety, personal safety and environmental risks or that all our operating activities will be conducted in conformance with these systems.

Such events or conditions or inability to provide safe environments for our workforce and the public while at our facilities, premises or during transportation, could lead to injuries, loss of life or environmental damage. As a result, the company could face regulatory action and legal liability, including penalties and remediation obligations, increased costs and potentially denial of licence to operate. The company's activities are sometimes conducted in hazardous, remote or environmentally sensitive locations, where the consequences of such events or conditions could be greater than in other locations.

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Drilling and production

The company's activities require high levels of investment and are sometimes conducted in challenging environments such as those prone to natural disasters and extreme weather, which heightens the risks of technical integrity failure. The physical characteristics of an oil or natural gas field, and cost of drilling, completing or operating wells are often uncertain. The company may be required to curtail, delay or cancel drilling operations or stop production because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions and compliance with governmental requirements.

Security

Acts of terrorism, piracy, sabotage, activism and similar activities directed against the company's operations and facilities, pipelines, transportation or digital infrastructure could cause harm to people and severely disrupt operations. The company's activities could also be severely affected by conflict, civil strife or political unrest.

Product quality

Failure to meet product quality specifications could cause harm to people and the environment, damage bp group's reputation, result in regulatory action and legal liability, and impact financial performance.

Compliance and control risks

Ethical misconduct and non-compliance

Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-bribery and corruption, competition and antitrust, data privacy, and anti-fraud laws, trade restrictions or other sanctions, could damage the company's reputation, and result in litigation, regulatory action, penalties and potentially affect licence to operate.

Regulation

Changes in the law and regulation, including how they are interpreted and enforced, could increase costs, constrain the company's operations and affect its business plans and financial performance.

Royalties and taxes, particularly those applied to our hydrocarbon activities, tend to be high compared with those imposed on similar commercial activities. In certain jurisdictions there is also a degree of uncertainty relating to tax law interpretation and changes. Governments may change their fiscal and regulatory frameworks in response to public pressure on finances or for other policy reasons, resulting in increased amounts payable to them or their agencies.

Treasury

Ineffective oversight of treasury and trading activities could lead to business disruption, financial loss, regulatory intervention, fines or damage to the company's reputation.

Reporting

External reporting of financial and non-financial data relies on the integrity of the control environment, bp group's systems and people operating them. Failure to report data accurately and in compliance with applicable standards could result in regulatory action, legal liability and reputational damage.

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Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to commodity prices, foreign currency exchange rates and interest rates; and credit risk. Further details on these financial risks are included within Note 29 of the bp group Annual Report and Form 20-F for the year ended 31 December 2024.

Approved by the board of directors and signed on behalf of the board by:

DocuSigned by:
Richard Eaton
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R J Eaton
Director

September 24, 2025

Registered Office:

1 Wellheads Avenue
Dyce
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DIRECTORS' REPORT

BRITOIL LIMITED

Directors

The present directors are listed on page 1.

D F Reiter, L A Kingham, G R Gordon and J S Burton served as directors throughout the financial year. Changes since 1 January 2024 are as follows:

	Appointed	Resigned
J S Burton	—	28 February 2025
G R Gordon	—	25 March 2025
R J Eaton	15 April 2025	—

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

Dividends

During the year the company has declared and paid dividends of $500,000,000 (2023 $Nil). The directors do not propose the payment of a final dividend (2023 $Nil).

Financial risk management

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 6.1) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the Strategic Report under Financial risk management.

Post balance sheet events

There were no post balance sheet events identified.

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The current economic and geopolitical environment were considered as part of the going concern assessment.

Liquidity and financing are managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to continue for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been

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prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see pages 10.

As noted in the Strategic Report, the company holds interests in a number of producing fields in the UK continental shelf, as a result the company's cash flows are impacted by changes in the oil and gas price. The company does not hold cash directly and funding requirements are met through the central Treasury organisation, as a result the company is reliant on the overall group funding to continue in operation and meet its liabilities as they fall due in the going concern period. The total credit balance of the internal finance accounts (IFA) in the company as at 31 December 2024 is $436,438,825 funded by BP International Limited. The company has mostly intercompany trading within the bp group and also has net assets position of $3,218,293,000 and net current assets of $3,298,951,000 as at 31 December 2024.

In assessing the prospects of Britoil Limited, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Having a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, the directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years.

They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

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

Research and development

The company has engaged in research and development activities throughout the year, amounting to $386 thousand (2023 $292 thousand). Research and development costs mainly relate to the company's share of group led research and development programmes and initiatives. The cost of these group projects are absorbed by the fields and locations and therefore the legal entities which are expected to benefit from those developments in the future.

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Stakeholder statements

Statement of engagement with suppliers, customers and others in a business relationship with the company

The company's section 172(1) statement in the Strategic Report demonstrates how the directors have had regard to the need to foster business relationships with suppliers, customers and other stakeholders when making decisions on behalf of the company.

Streamlined Energy & Carbon Reporting (SECR)

As a UK subsidiary of a UK parent company which prepares a group directors' report, SECR reporting details are included in the Strategic Report of the bp group Annual Report and Form 20-F for the year ended 31 December 2024.

Corporate Governance Statement

In 2024, the bp group continued to operate under the corporate governance framework (the Framework). The Framework closely aligns with bp's purpose - reimagining energy for people and our planet - and strategy. The Framework also defines bp's role, to promote the long-term sustainable success of the company, generating value for its shareholders while having regard to its other stakeholders, the impact of its operations on the communities within which it operates and the environment.

The core of the company's governance arrangements come from bp's System of Internal Control, Global Subsidiary Corporate Governance Policy (the Policy) and Code of Conduct, and 'Who we are' beliefs, details of which are set out above in Strategic Report.

System of Internal Control

The System of Internal Control is the holistic set of management systems, organizational structures, processes, standards and behaviours that are employed to conduct the bp group's business. These processes enable the company to achieve its objectives and purpose by ensuring that it responds appropriately to business, operational, financial and other risks and opportunities.

Further, the System of Internal Control requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the organization which helps to ensure the quality of internal and external reporting. The System of Internal Control helps to ensure compliance with laws and regulations, bp's Code of Conduct and other internal policies.

The Policy

The Policy has been established by BP p.l.c. and implemented by its subsidiaries, including the company, to establish common standards in corporate governance across the group. These standards cover the role and responsibilities of the board and the directors, its processes and its relationship with executive management, shareholders and other stakeholders.

The Policy underpins the Subsidiary Governance Framework (the Framework) which embodies a comprehensive set of rules and recommendations designed to standardize and promote best practice subsidiary governance across:

i. Legal entity data management;
ii. Legal entity compliance;
iii. Legal entity lifecycle management;
iv. Directors & officers support; and
v. Board governance.

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The Policy and the Framework set out the responsibilities of all directors and officers of each of the bp group's subsidiaries and the primary tasks of the board, including consideration and execution of long-term strategy, monitoring of the subsidiary's performance and ensuring that the principal risks to the subsidiary are identified and that appropriate systems of risk management and control are in place. As a result, the company has not considered it necessary to adopt a formal corporate governance code.

The Policy requires directors to:

i. Attend induction training upon appointment and are recommended to refresh their training annually;
ii. Not engage in any activity that is, or could reasonably be perceived to be, in conflict with the interests of the company and are further required to act in the best interests of the company, which may not necessarily coincide with the best interest of the bp group;
iii. Consult in advance of conflicts of duties in order to identify and implement steps to avoid or mitigate such conflicts; and
iv. Retain responsibility for the approval of financial statements.

Decision making rests with the directors of the company and delegation of specific powers or decisions is documented in writing, setting out the reasons for the scope as well as limitation of such delegation, supported by a form of bp group authority. Delegations are monitored and reviewed by the board on a regular basis.

The Code of Conduct

bp's code of conduct was relaunched in January 2023 and is based on bp's values and beliefs, and sets clear expectations for how all employees at bp should work, including directors of the company. The code is designed to be a clear set of expectations to enable all employees to make choices in a consistent way.

The code of conduct includes sections covering:

i. Our responsibility and how we speak up, including our channels for speaking up and how concerns are
managed;
ii. Safety and sustainability, including operating safely and securely and delivering bp's sustainability frame;
iii. People, including diversity, equity and inclusion;
iv. Business partners, including building and maintaining strong relationships and proactively managing conflicts of interest;
v. Governments and communities, including human rights, community engagement and public communications; and
vi. Assets and financial integrity, including the need to record and maintain accurate and complete information.

Application of the system of governance

The directors have applied this system of governance by:

a. Regularly reviewing board composition to ensure that it has an appropriately diverse balance of skills, backgrounds, experience and knowledge and ensuring that individual directors have sufficient capacity to make valuable contributions. The board, where appropriate, and in accordance with the Policy, retains a minimum of three directors, promotes independent and objective challenge through the appointment of directors who are not directly or indirectly responsible for the management function of the company and may nominate a designated Chair to provide leadership of the board.
b. Undertaking training on a regular basis to ensure that they have a clear understanding of their responsibilities and accountabilities. To support effective decision-making in their capacity as

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directors, the board considers the System of Internal Control, the bp Code of Conduct and the company's purpose and how it furthers the bp group's purpose, aims and ambitions.

c. In accordance with the Policy, the board is supported by the System of Internal Control to identify opportunities to create and preserve value. Refer to the principal risks and uncertainties in the Strategic Report.
d. Having regard to and fostering good stakeholder relationships. Refer to the company's section 172 statement in the Strategic Report for further information.

Auditors

Pursuant to section 487 of the Companies Act 2006, Deloitte LLP have expressed their willingness to continue in office as auditors and are therefore deemed reappointed as auditors.

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report, as listed on page 1, confirm that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Approved by the board of directors and signed on behalf of the board by:

DocuSigned by:
Richard Eaton
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R J Eaton
Director

September 24, 2025

Registered Office:

1 Wellheads Avenue
Dyce
Aberdeen
AB21 7PB
United Kingdom

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BRITOIL LIMITED

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company 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. Details of the directors' assessment of going concern are provided in the Directors' Report.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRITOIL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Britoil Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- An assessment of whether material uncertainties existed that could cast significant doubt on the entity's ability to continue as a going concern for least 12 months after the date of approval of the financial statements;
- An assessment of the funds that can be made available to the company through bp group treasury channels;
- An assessment of the management's identified potential mitigating actions and the appropriateness of the inclusion of these in the going concern assessment; and
- An assessment of the disclosures made within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and the relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists including tax specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the licensing authority.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
Mikhail Raikhman
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Mikhail Raikhman, CA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

September 24, 2025

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

BRITOIL LIMITED

	Note	2024 $000	2023 $000
Turnover	3	1,003,286	1,312,797
Cost of sales		(466,762)	(621,192)
Gross profit		536,524	691,605
Exploration expenses		206	(3,313)
Administrative expenses		(1,551)	(3,348)
Other operating income	3	1,551	1,842
Loss on disposal of fixed assets	4	(1,234)	(214)
Impairment of intangible assets	11	—	(803,748)
Impairment of tangible assets	12	(305,042)	(401,624)
Impairment of fixed asset investments	13	(160,949)	—
Operating profit / (loss)	4	69,505	(518,800)
Income from shares in group undertakings		180,000	—
Interest receivable and similar income	6	50,054	62,477
Interest payable and similar expenses	7	(82,173)	(73,843)
Profit / (loss) before taxation		217,386	(530,166)
Tax on profit / (loss)	9	(203,620)	(286,262)
Profit / (loss) for the year		13,766	(816,428)

The profit of $13,766 thousand for the year ended 31 December 2024 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

There is no comprehensive income attributable to the shareholders of the company other than the profit / (loss) for the year.

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BALANCE SHEET

AS AT 31 DECEMBER 2024

BRITOIL LIMITED
(Registered No.SC077750)

	Note	2024 $000	2023 $000
Fixed assets			
Intangible assets	11	112,610	99,568
Tangible assets	12	993,282	1,439,152
Investments	13	184,894	345,843
		1,290,786	1,884,563
Current assets			
Stocks	14	42,367	34,714
Debtors – amounts falling due:			
within one year	15	3,966,011	3,708,702
after one year	15	4,400	1,010,904
Derivatives and other financial instruments:			
within one year	19	2,153	6,441
after one year	19	3,919	9,863
Creditors: amounts falling due within one year	16	(710,120)	(1,440,645)
Derivatives and other financial instruments due within one year	19	(1,250)	(119)
Lease liabilities	17	(210)	(189)
Net current assets		3,298,951	3,329,671
TOTAL ASSETS LESS CURRENT LIABILITIES		4,598,056	5,214,234
Creditors: amounts falling due after more than one year	16	(139)	(142)
Derivatives and other financial instruments due after more than one year	19	(3,017)	(1,175)
Lease liabilities	17	(1,974)	(863)
Deferred tax liability	9	(99,479)	(400,398)
Provisions	20	(1,275,154)	(1,107,129)
NET ASSETS		3,218,293	3,704,527

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BALANCE SHEET

	Note	2024 $000	2023 $000
Capital and reserves			
Called up share capital	**21**	2,389,898	2,389,898
Share premium account	**22**	133,109	133,109
Profit and loss account	**22**	695,286	1,181,520
TOTAL EQUITY		3,218,293	3,704,527

The financial statements were approved by the board of directors and authorised for issue on 22 September 2025 and were signed on its behalf by:

DocuSigned by:
Richard Eaton
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R J Eaton
Director

September 24, 2025

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

BRITOIL LIMITED

	Called up share capital (Note 21)	Share premium account (Note 22)	Profit and loss account (Note 22)	Total
	$000	$000	$000	$000
Balance at 1 January 2023	2,389,898	133,109	1,997,948	4,520,955
Loss for the financial year, representing total comprehensive income	—	—	(816,428)	(816,428)
Balance at 31 December 2023	2,389,898	133,109	1,181,520	3,704,527
Balance at 1 January 2024	2,389,898	133,109	1,181,520	3,704,527
Profit for the financial year, representing total comprehensive income	—	—	13,766	13,766
Dividends paid	—	—	(500,000)	(500,000)
Balance at 31 December 2024	2,389,898	133,109	695,286	3,218,293

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1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of Britoil Limited for the year ended 31 December 2024 were approved by the board of directors on 22 September 2025 and the balance sheet was signed on the board's behalf by R J Eaton. Britoil Limited is a private company, limited by shares incorporated, domiciled and registered in Scotland (registered number SC077750) under the Companies Act 2006. The company's registered office is at 1 Wellheads Avenue, Dyce, Aberdeen, AB21 7PB. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

2. Material accounting policy information, significant judgements, estimates and assumptions

The material accounting policy information and critical accounting judgements, estimates and assumptions of the company are set out below.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

These financial statements are separate financial statements. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group financial statements of BP p.l.c. Details of the parent in whose consolidated financial statements the company is included are shown in Note 26 to the financial statements.

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared under the historical cost convention in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

(a) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
(b) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    (i) paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements
    (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment
    (iii) paragraph 74A(b) of IAS 16 Property, Plant and Equipment
    (iv) paragraph 118(e) of IAS 38 Intangible Assets
(c) the requirements of IAS 7 Statement of Cash Flows (excluding paragraphs 1 to 44E, 44H(b)(ii) and 45 to 63 which are not applicable);
(d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
(e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;

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(f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
(g) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets;
(h) the requirements of IFRS 7 Financial Instruments: Disclosures;
(i) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
(j) the requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;;
(k) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
(l) the requirements of paragraph 58 of IFRS 16 Leases, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
(m) the requirements of paragraphs 88C and 88D of IAS 12 Income Taxes.

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 26.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars ($000), except where otherwise indicated.

Material accounting policy information: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used.

The accounting judgements and estimates that have a significant impact on the results of the company are set out below, and should be read in conjunction with the information provided in the Notes to the financial statements.

The areas requiring the most significant judgement and estimation in the preparation of the financial statements are: exploration and appraisal intangible assets; the recoverability of asset carrying values; including the estimation of reserves; decommissioning provisions and taxation.

Judgements and estimates, not all of which are significant, made in assessing the impact of the current economic and geopolitical environment, and climate change and the transition to a lower carbon economy on the financial statements are also set out below. Where an estimate has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year this is specifically noted within the boxed text.

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Judgements and estimates made in assessing the impact of climate change and the transition to a lower carbon economy

Climate change and the transition to a lower carbon economy were considered in preparing the financial statements. These may have significant impacts on the currently reported amounts of the company's assets and liabilities discussed below and on similar assets and liabilities that may be recognized in the future. bp's assumptions for investment appraisal form part of an investment-decision making framework for currently unsanctioned future capital expenditure on tangible assets, and intangibles including exploration and appraisal assets, that is designed to support the effective and resilient implementation of bp's strategy. The price assumptions used for investment appraisal include oil and gas price assumptions, which are producer prices and are therefore net of any future carbon prices that the purchaser may be required to pay, and an assumption of a single carbon emissions cost imposed on the producer in respect of operational greenhouse gas (GHG) emissions (carbon dioxide and methane) in order to incentivize engineering solutions to mitigate GHG emissions on projects. bp's oil and gas price assumptions for value in use impairment testing are aligned with those investment appraisal assumptions. The assumptions for future carbon emissions costs in value in use impairment testing differ from the investment appraisal assumptions and are described below.

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Impairment of tangible assets and goodwill

The energy transition is likely to impact the future prices of commodities such as oil and natural gas which in turn may affect the recoverable amount of tangible assets and goodwill in the oil and gas industry. bp's best estimate oil and natural gas price assumptions for value in use impairment testing were revised during 2024. The revised price assumptions have been rebased in real 2023 terms and are materially consistent with the disclosed prices in 2022 terms. The near term Brent oil assumption was held constant at $70 per barrel to reflect near-term supply constraints before declining after 2030 to $50 per barrel by 2050 continuing to reflect the assumption that as the energy system decarbonizes, falling oil demand will cause oil prices to decline. The price assumptions for Henry Hub gas up to 2050 were held constant at $4.00 per mmBtu reflecting an assumption that declining domestic demand in the US is offset by higher liquefied natural gas (LNG) exports. The revised assumptions for Brent oil and Henry Hub gas sit within the range of external scenarios considered by management and are in line with a range of transition paths consistent with the temperature goal of the Paris climate change agreement, of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

The bp group's investment appraisal process includes a carbon emissions price series for the investment economics which is applied to bp's anticipated share of bp's forecast of the investment assets' scope 1 and 2 GHG emissions where they exceed defined thresholds, and is assumed to apply whether or not bp is the asset operator. However, for value in use impairment testing on bp's existing cash generating units (CGUs), consistent with all other relevant cash flows estimated, bp is required to reflect management's best estimate of any expected applicable carbon emission costs payable by bp, including where bp is not the operator, in the future for each jurisdiction in which the company has interests. This requires management's best estimate of how future changes to relevant carbon emission cost policies and/or legislation are likely to affect the future cash flows of the company's applicable CGUs, whether currently enacted or not. Future potential carbon pricing and/or costs of carbon emissions allowances are included in the value in use calculations to the extent management has sufficient information to make such an estimate. Currently this results in limited application of carbon price assumptions in value in use impairment tests given that carbon pricing legislation in most impacted jurisdictions where the company has interests is not in place and there is not sufficient information available as to the relevant policy makers' future intentions regarding carbon pricing to support an estimate. A key input into the determination of impairment is the assumption, aligned with bp's aim to reach net zero greenhouse gas emissions by 2050 or sooner, that the current recognized portfolio of oil and gas properties and refining assets will have an immaterial carrying value by 2050.

The most significant instances where a carbon price has been incorporated in the 2024 value in use impairment tests is for the UK North Sea and Gelsenkirchen refinery. The assumptions for UK North Sea were £59/tCO2e in 2025 gradually increasing to £231/tCO2e in 2050.

However, as bp's forecast future prices are producer prices, the company considers it reasonable to assume that if, in addition to the costs already in place, further scope 1 and 2 emission costs were partially to be borne directly by oil and gas producers including bp in future and the prevalence of such costs were to become widespread, the gross oil and gas prices realized by producers would be correspondingly higher over the long term, resulting in no expected overall materially negative impacts on the company's net cash flows. See significant judgements and estimates: recoverability of asset carrying values for further information including sensitivity analysis in relation to reasonably possible changes in the price assumptions and carbon costs.

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Production assumptions within upstream tangible assets and goodwill value in use impairment tests reflect management's current best estimate of future production of the existing upstream portfolio. See significant judgements and estimates: recoverability of asset carrying values for sensitivity analyses in relation to reasonably possible changes in production for upstream oil and gas properties and goodwill respectively.

Impairment charges were recognized on certain upstream oil and gas properties partly as a result of the lower near-term assumptions. See Note 4 and Note 12 for further information.

Management will continue to review price assumptions as the energy transition progresses and this may result in impairment charges or reversals in the future.

Exploration and appraisal intangible assets

The energy transition may affect the future development or viability of exploration prospects. The recoverability of the group's exploration and appraisal intangible assets was considered during 2024. No significant write-offs were identified. These assets will continue to be assessed as the energy transition progresses. See significant judgement: exploration and appraisal intangible assets, Note 8 and Note 11 for further information.

Tangible assets – depreciation and expected useful lives

The energy transition may curtail the expected useful lives of oil and gas industry assets thereby accelerating depreciation charges.

However, a significant majority of bp's existing upstream oil and natural gas properties are likely to have immaterial carrying values within the next 12 years and, as outlined in bp's strategy, oil and natural gas production will remain an important part of bp's business activities over that period.

Therefore, management does not expect the useful lives of bp's reported tangible assets to change and do not consider this to be a significant accounting judgement or estimate. Significant capital expenditure is still required for ongoing projects as well as renewal and/or replacement of aged assets and therefore the useful lives of future capital expenditure may be different. See material accounting policy: tangible assets for more information.

Provisions: decommissioning

The energy transition may bring forward the decommissioning of oil and gas industry assets thereby increasing the present value of associated decommissioning provisions. Decommissioning cost estimates are based on the known regulatory and external environment. These cost estimates may change in the future, including as a result of the transition to a lower carbon economy.

The majority of bp's existing upstream oil and gas properties are expected to start decommissioning within the next two decades. Currently, the expected timing of decommissioning expenditures for the upstream oil and gas assets in the company's portfolio has not materially been brought forward. Management does not expect a reasonably possible change of two years in the expected timing of all decommissioning to have a material effect on the upstream decommissioning provisions, assuming cost assumptions remain unchanged.

Management will continue to review facts and circumstances to assess if decommissioning provisions need to be recognized. See significant judgements and estimates: provisions for further information.

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Judgements and estimates made in assessing the impact of the geopolitical and economic environment
In preparing the financial statements, the following areas involving judgement and estimates were identified as most relevant with regards to the impact of the current geopolitical and economic environment.

Oil and gas price assumptions
Oil and gas price assumptions applied in value in use impairment testing have been updated for inflation and have been rebased in real 2023 terms. See significant judgements and estimates: recoverability of asset carrying values for further information.

Discount rate assumptions
The discount rates used for impairment testing and provisions were reassessed during the year in light of changing economic and geopolitical outlooks. The nominal discount rate applied to provisions was increased during the year to reflect rising US Treasury yields. The principal impact of this rate increase was a $37 million decrease in the decommissioning provision with an associated decrease in the carrying amount of tangible assets of $33 million and a pre-tax credit to the income statement of $4 million. See significant judgements and estimates: recoverability of asset carrying values and provisions for further information.

Material accounting policy information

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The current economic and geopolitical environment were considered as part of the going concern assessment.

Liquidity and financing are managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to continue for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see pages 4-8.

As noted in the Strategic Report, the company holds interests in a number of producing fields in the UK continental shelf, as a result the company's cash flows are impacted by changes in the oil and gas price. The company does not hold cash directly and funding requirements are met through the central Treasury organisation, as a result the company is reliant on the overall group funding to continue in operation and meet its liabilities as they fall due in the going concern period. The total credit balance of the internal finance accounts (IFA) in the company as at 31 December 2024 is $436,438,825 funded by BP International Limited. The company has mostly intercompany trading within the bp group and also has net assets position of $3,218,293,000 and net current assets of $3,298,951,000 as at 31 December 2024.

In assessing the prospects of Britoil Limited, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

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Having a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, the directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign currency

The functional and presentation currency of the financial statements is US dollars. The functional currency is the currency of the primary economic environment in which the company operates and is normally the currency in which the company primarily generates and expends cash.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange on the balance sheet date. Any resulting exchange differences are included in the profit and loss account, unless hedge accounting is applied. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Investments

Fixed asset investments in subsidiaries are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

All other fixed asset investments are stated in the financial statements at cost less provisions for impairment.

Interests in joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The company recognizes, on a line-by-line basis, its share of the assets, liabilities and expenses of these joint operations incurred jointly with the other partners, along with the company's income from the sale of its share of the output and any liabilities and expenses that the company has incurred in relation to the joint operation.

For joint arrangements in a separate entity, judgement may be required as to whether the arrangement should be classified as a joint venture or if the legal form, contractual arrangements or other facts and circumstances indicate that the company has rights to the assets and obligations for the liabilities of the arrangement, rather than rights to the net assets, and therefore should be classified as a joint operation. No such judgement made by the company is considered significant.

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Goodwill

The Companies Act 2006 requires goodwill to be reduced by provisions for amortization on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortized. Consequently, the company does not amortize goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the requirement for the amortization of goodwill in the Companies Act 2006. The company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful economic life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the combination's synergies.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the recoverable amount of the cash-generating unit to which the goodwill relates should be assessed. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Interests in other entities

Significant judgements and estimates: impairment of investments

Determination as to whether, and how much, an investment is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas and refined products.

For value in use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The pre-tax discount rate is based upon the cost of funding the company derived from an established model, adjusted to a pre-tax basis. Fair value less costs of disposal calculations use the post-tax discount rate. The discount rates applied in impairment tests are reassessed each year.

See 'Significant judgements and estimates: recoverability of asset carrying values' below for details of assumptions used.

Intangible assets

Intangible assets include expenditure on the exploration for and evaluation of oil and natural gas resources and are stated at the amount initially recognized, less accumulated amortization and accumulated impairment losses.

For information on accounting for expenditures on the exploration for and evaluation of oil and natural gas resources, see the accounting policy for oil and natural gas exploration, appraisal and development expenditure below.

Intangible assets are carried initially at cost unless acquired as part of a business combination.

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Intangible assets with a finite life are amortized on a straight-line basis over their expected useful lives.

The expected useful lives of assets and the amortization method are reviewed on an annual basis and, if necessary, changes in useful lives or the amortization method are accounted for prospectively.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Oil and natural gas exploration and appraisal expenditure

Oil and natural gas exploration and appraisal expenditure is accounted for using the principles of the successful efforts method of accounting as described below.

Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalized within intangible assets and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or planned or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations, and sufficient progress is being made on establishing development plans and timing. If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off. Lower value licences are pooled and amortized on a straight-line basis over the estimated period of exploration. Upon internal approval for development and recognition of proved reserves of oil and natural gas, the relevant expenditure is transferred to tangible assets.

Exploration and appraisal expenditure

Geological and geophysical exploration costs are charged to the profit and loss account as incurred. 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. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. If it is determined that development will not occur that is, the efforts are not successful, then the costs are expensed.

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an intangible asset. Upon internal approval for development and recognition of proved reserves, the relevant expenditure is transferred to tangible assets. If development is not approved and no further activity is expected to occur, then the costs are expensed.

The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within one year of well completion, but can take longer, depending on the complexity of the geological structure. Exploration wells that discover potentially economic quantities of oil and natural gas and are in areas where major capital expenditure (e.g. an offshore platform or a pipeline) would be required before production could begin, and where the economic viability of that major capital expenditure depends on the successful completion of further exploration or appraisal work in the area, remain capitalized on the balance sheet as long as such work is under way or firmly planned.

In accordance with section 844(3) of the Companies Act 2006 the directors have determined that it is appropriate not to treat capitalized development costs as a realized loss in determination of distributable reserves as these have been determined in accordance with the applicable accounting standards.

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Significant judgement: exploration and appraisal intangible assets

Judgement is required to determine whether it is appropriate to continue to carry costs associated with exploration wells and exploratory type stratigraphic test wells on the balance sheet. This includes costs relating to exploration licences or leasehold property acquisitions. It is not unusual to have such costs remaining suspended on the balance sheet for several years while additional appraisal drilling and seismic work on the potential oil and natural gas field is performed or while the optimum development plans and timing are established. The costs are carried based on the current regulatory and political environment or any known changes to that environment. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the discovery. Where this is no longer the case, the costs are immediately expensed.

The carrying amount of capitalized costs and further information on the write-offs are included in Note 8.

Tangible assets

Tangible assets owned by the company are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if applicable, and, for assets that necessarily take a substantial period of time to get ready for their intended use, directly attributable finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programmes are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service and unsuccessful development or delineation wells, is capitalized within tangible assets and is depreciated from the commencement of production.

Oil and natural gas properties, including certain related pipelines, are depreciated using a unit-of-production method. The cost of producing wells is amortized over proved developed reserves. Licence acquisition, common facilities and future decommissioning costs are amortized over total proved reserves. The unit-of-production rate for the depreciation of common facilities takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred relating to as yet undeveloped reserves expected to be processed through these common facilities.

Tangible assets are depreciated on a straight-line basis over their expected useful lives.

The expected useful lives and depreciation method of tangible assets are reviewed on an annual basis and, if necessary, changes in useful lives or the depreciation method are accounted for prospectively.

The carrying amounts of tangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of tangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the period in which the item is derecognized.

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Impairment of intangible and tangible assets

The company assesses assets or groups of assets, called cash-generating units (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable, for example, changes in the company's business plans, plans to dispose rather than retain assets, changes in the company's assumptions about discount rates, commodity prices, low plant utilization, evidence of physical damage or, for oil and gas assets, significant downward revisions of estimated reserves or increases in estimated future development expenditure or decommissioning costs. If any such indication of impairment exists, the company makes an estimate of the asset's or CGU's recoverable amount. Individual assets are grouped into CGUs for impairment assessment purposes at the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. If it is probable that the value of the CGU will be primarily recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

The business segment plans, which are approved on an annual basis by senior management, are the primary source of information for the determination of value in use. They contain forecasts for oil and natural gas production, revenues, costs and capital expenditure. Carbon taxes and costs of emissions allowances are included in estimates of future cash flows, where applicable, based on the regulatory environment in each jurisdiction in which the company operates. As an initial step in the preparation of these plans, various assumptions regarding market conditions, such as oil prices, natural gas prices, power prices, refining margins, refined product margins and cost inflation rates are set by senior management. These assumptions take account of existing prices, global supply-demand equilibrium for oil and natural gas, other macroeconomic factors and historical trends and variability. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group to the extent that they are not already reflected in the discount rate and are discounted to their present value typically using a pre-tax discount rate that reflects current market assessments of the time value of money.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. Fair value may be determined by reference to agreed or expected sales proceeds, recent market transactions for similar assets or using discounted cash flow analyses. Where discounted cash flow analyses are used to calculate fair value less costs of disposal, estimates are made about the assumptions market participants would use when pricing the asset, CGU or group of CGUs containing goodwill and the test is performed on a post-tax basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset or CGU is increased to the lower of its recoverable amount and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior years. Impairment reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's or CGU's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the recoverable amount of the group of CGUs to which the goodwill relates should be assessed. In assessing whether goodwill has been impaired, the carrying amount of the group of CGUs to which goodwill has been allocated is compared with its recoverable amount. Where the recoverable amount of the group of CGUs is less than the carrying amount (including goodwill), an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

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Significant judgements and estimates: recoverability of asset carrying values

Determination as to whether, and by how much, an asset, CGU, or group of CGUs containing goodwill is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, capital expenditure, carbon pricing (where applicable), production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas, power and refined products. Judgement is required when determining the appropriate grouping of assets into a CGU or the appropriate grouping of CGUs for impairment testing purposes. For example, individual oil and gas properties may form separate CGUs whilst certain oil and gas properties with shared infrastructure may be grouped together to form a single CGU. Alternative groupings of assets or CGUs may result in a different outcome from impairment testing.

The recoverable amount of an asset is the higher of its value in use and its fair value less costs of disposal. Fair value less costs of disposal may be determined based on expected sales proceeds or similar recent market transaction data.

Details of impairment charges and reversals recognized in the profit and loss account are provided in Note 4 and details of the carrying amounts of assets are shown in Note 11 and Note 12.

The estimates for assumptions made in impairment tests in 2024 relating to discount rates and oil and gas properties are discussed below. Changes in the economic environment including as a result of the energy transition or other facts and circumstances may necessitate revisions to these assumptions and could result in a material change to the carrying values of the company's assets within the next financial year.

Discount rates

For discounted cash flow calculations, future cash flows are adjusted for risks specific to the CGU. Value in use calculations are typically discounted using a pre-tax discount rate based upon the cost of funding the bp group derived from an established model, adjusted to a pre-tax basis and incorporating a market participant capital structure and country risk premiums. Fair value less costs of disposal discounted cash flow calculations use a post-tax discount rate.

The discount rates applied in impairment tests are reassessed each year and, in 2024 the post-tax discount rate was 8% (2023 8%). The pre-tax discount rate takes into account the applicable tax rate in the geographic location of the CGU.

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Oil and natural gas properties

For oil and natural gas properties expected future cash flows are estimated using management's best estimate of future oil and natural gas prices, production and reserves and certain resources volumes. Forecast cash flows include the impact of all approved emission reduction projects. The estimated future level of production in all impairment tests is based on assumptions about future commodity prices, production and development costs, field decline rates, current fiscal regimes and other factors.

In 2024, the company identified oil and gas properties with carrying amounts totalling $993 million (2023 $1,294 million) where the headroom, based on the most recent impairment test performed in the year on those assets, was less than or equal to 20% of the carrying value. A change in the discount rate, reserves, resources or the oil and gas price assumptions in the next financial year may result in a recoverable amount of one or more of these assets above or below the current carrying amount and therefore there is a significant risk of impairment reversals or charges in that period.

The recoverability of intangible exploration and appraisal expenditure is covered under Oil and natural gas exploration, appraisal and development expenditure above.

Information on the carrying amounts of the company's oil and natural gas properties, together with the amounts recognized as depreciation, depletion and amortization is contained in Note 12.

Oil and natural gas prices

The price assumptions used for value-in-use impairment testing are based on those used for investment appraisal. bp's carbon emissions cost assumptions and their interrelationship with oil and gas prices are described in 'Judgements and estimates made in assessing the impact of climate change and the transition to a lower carbon economy' on page 27. The investment appraisal price assumptions are recommended by the senior vice president economic & energy insights after considering a range of external price sets, and supply and demand profiles associated with various energy transition scenarios. They are reviewed and approved by management. As a result of the current uncertainty over the pace of transition to lower-carbon supply and demand and the social, political and environmental actions that will be taken to meet the goals of the Paris climate change agreement, the scenarios considered include those where those goals are met as well as those where they are not met.

During the year, bp's price assumptions applied in value in use impairment testing were revised. The revised price assumptions have been rebased in real 2023 terms and are materially consistent with the disclosed prices in real 2022 terms. The near term Brent oil assumption was held constant at $70 per barrel to reflect near term supply constraints before declining after 2030 to $50 per barrel by 2050 continuing to reflect the assumption that as the energy system decarbonizes, falling oil demand will cause oil prices to decline. The price assumptions for Henry Hub gas up to 2050 were held constant at $4.00 per mmBtu reflecting an assumption that declining domestic demand in the US is offset by higher LNG exports. These price assumptions are derived from the central case investment appraisal assumptions. A summary of the group's revised price assumptions for Brent oil and Henry Hub gas, applied in 2024 and 2023, in real 2023 terms, is provided below. The assumptions represent management's best estimate of future prices at the balance sheet date, which sit within the range of external scenarios considered as appropriate for the purpose. They are considered by bp to be in line with a range of transition paths consistent with the temperature goal of the Paris climate change agreement, of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. However, they do not correspond to any specific Paris-consistent scenario. Inflation rate of 2.0-2.5% (2023 2.0%) is applied to determine the price assumptions in nominal terms.

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2024 price assumptions		2025	2030	2040	2050
Brent oil ($/bbl)		70	70	63	50
Henry Hub gas ($/mmBtu)		4.00	4.00	4.00	4.00

2023 price assumptions	2024	2025	2030	2040	2050
Brent oil ($/bbl)	71	71	71	59	46
Henry Hub gas ($/mmBtu)	4.06	4.05	4.05	4.05	4.05

Global oil production increased by 1.4% in 2024 with this growth predominantly coming from non-OPEC countries as OPEC+ continued its output reductions. Global oil demand growth slowed, increasing by 0.9% in 2024 as we leave the post-Covid recovery period and Chinese demand fell short of forecasts. Brent dropped by nearly $2 per barrel in 2024 in response to lacklustre demand growth and increasing supply. While geopolitical risk (e.g. tariffs, sanctions) may support prices in the short-term, bp's long-term assumption for oil prices is lower than the 2024 average as oil demand is likely to fall such that the price levels needed to encourage sufficient investment to meet global oil demand will also be lower.

US Henry Hub spot prices averaged $2.2/mmBtu in 2024 from $2.5/mmBtu in 2023. Prices fell further in order to reduce output and stimulate demand in the power sector. Milder than normal winter weather during winter 2023/2024 left US gas storage levels over 20% above historic average levels at the end of winter 2023/2024, causing prices to fall below $2/mmBtu. Meanwhile, after growing by 4 Bcf/d in 2023, low prices caused natural gas production to fall by 0.4 Bcf/d in 2024, helping to bring the market back into balance. The level of US gas prices in 2024 was below bp's long term price assumption based on the judgment of the price level required to incentivize new production.

Oil and natural gas reserves

In addition to oil and natural gas prices, significant technical and commercial assessments are required to determine the company's estimated oil and natural gas reserves. Reserves estimates are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity and drilling of new wells all impact on the determination of the company's estimates of its oil and natural gas reserves. bp bases its reserves estimates on the requirement of reasonable certainty with rigorous technical and commercial assessments based on conventional industry practice and regulatory requirements.

Reserves assumptions for value in use tests reflect the reserves and resources that management currently intend to develop. The recoverable amount of oil and gas properties is determined using a combination of inputs including reserves, resources and production volumes. Risk factors may be applied to reserves and resources which do not meet the criteria to be treated as proved or probable.

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Sensitivity analyses

Management considers discount rates, oil and natural gas prices and production to be the key sources of estimation uncertainty in determining the recoverable amount of upstream oil and gas assets. The sensitivity analyses below, in addition to covering the key sources of estimation uncertainty, also indicate how the energy transition, potential future carbon emissions costs and/or reduced demand for oil and gas may further impact forecast revenue cash inflows to a greater extent than currently anticipated in the group's value-in-use estimates for oil and gas CGUs, if carbon emissions costs were to be implemented as a deduction against revenue cash flows. The analyses therefore represents a net revenue sensitivity.

A change in net revenue from upstream oil and gas properties can arise either due to changes in oil and natural gas prices, carbon emissions costs/carbon prices, changes in oil and natural gas production, or a combination of these.

Management tested the impact of changes in net revenue cash flows in value-in-use impairment testing under the following sensitivity analyses: an increase in net revenues of 8% in all years up to 2040 and 25% in all subsequent years to 2050; and a decrease in net revenues of 20% in all years up to 2030, 35% in all subsequent years to 2040 and 50% in all remaining years to 2050.

Net revenue reductions of this magnitude in isolation could indicatively lead to a reduction in the carrying amount of the company's upstream oil and gas properties in the amount of $429 million as at 31 December 2024. If this net revenue reduction was due to reductions in oil prices in isolation, it reflects an indicative decrease in the carrying amount of using price assumptions for Brent oil trending broadly towards the bottom of the range of prices associated with the World Business Council for Sustainable Development (WBCSD) 'family' of scenarios considered to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels.

Net revenue increases of this magnitude in isolation could indicatively lead to an increase in the carrying amount of the company's upstream oil and gas properties in the amount of $132 million as at 31 December 2024. This potential increase in the carrying amount would arise due to reversals of previously recognized impairments. If this net revenue increase was due to increases in oil prices in isolation, it reflects an indicative increase in the carrying amount of using price assumptions for Brent oil trending broadly towards the top end until 2040, and then towards the mean average at 2050, of the range of prices associated with the WBCSD 'family' of scenarios considered to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels.

These sensitivity analyses do not, however, represent management's best estimate of any impairment charges or reversals that might be recognized as they do not fully incorporate consequential changes that may arise, such as changes in costs and business plans and phasing of development. For example, costs across the industry are more likely to decrease as oil and natural gas prices fall. The analyses also assume the impact of increases in carbon price on operational GHG emissions are fully absorbed as a decrease in net revenue (and vice versa) rather than reflecting how carbon prices or other carbon emissions costs may ultimately be incorporated by the market. The above sensitivity analyses therefore do not reflect a linear relationship between net revenue and value that can be extrapolated. The interdependency of these inputs and risk factors plus the diverse characteristics of the company's upstream oil and gas properties limits the practicability of estimating the probability or extent to which the overall recoverable amount is impacted by changes to the price assumptions or production volumes.

Management also tested the impact of a one percentage point change in the discount rate used for value-in-use impairment testing of upstream oil and gas properties. This level of change reflects past experience of a reasonable change in rate that could arise within the next financial year. If the discount rate was one percentage point higher across the tests performed, the impairment charge recognized in 2024 would have been approximately $52 million lower. If the discount rate was one percentage point lower, the impairment charge recognized would have been approximately $44 million higher.

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Goodwill

Irrespective of whether there is any indication of impairment, the company is required to test annually for impairment of goodwill acquired in business combinations. In testing goodwill for impairment, the company uses a similar approach to that described above for asset impairment. If there are low oil or natural gas prices or refining margins or marketing margins for an extended period or the long-term price outlook weakens, the company may need to recognize goodwill impairment charges.

Stocks

Stocks, other than stocks held for short-term trading purposes, are stated at the lower of cost and net realizable value. Cost is typically determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Net realizable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Net realizable value is determined by reference to prices existing at the balance sheet date, adjusted where the sale of inventories after the reporting period gives evidence about their net realizable value at the end of the period.

Supplies are valued at the lower of cost on a weighted-average basis and net realizable value.

Leases

Agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases. The right to control is conveyed if bp has both the right to obtain substantially all of the economic benefits from, and the right to direct the use of, the identified asset throughout the period of use. An asset is identified if it is explicitly or implicitly specified by the agreement and any substitution rights held by the lessor over the asset are not considered substantive.

Agreements that convey the right to control the use of an intangible asset including rights to explore for or use hydrocarbons are not accounted for as leases. See material accounting policy information: intangible assets.

A lease liability is recognized on the balance sheet on the lease commencement date at the present value of future lease payments over the lease term. The discount rate applied is the rate implicit in the lease if readily determinable, otherwise an incremental borrowing rate is used. For the majority of the leases in the company, there is not sufficient information available to readily determine the rate implicit in the lease, and therefore the incremental borrowing rate is used. The incremental borrowing rate is determined based on factors such as the company's cost of borrowing, lessee legal entity credit risk, currency and lease term. The lease term is the non-cancellable period of a lease together with any periods covered by an extension option that bp is reasonably certain to exercise, or periods covered by a termination option that bp is reasonably certain not to exercise. The future lease payments included in the present value calculation are any fixed payments, payments that vary depending on an index or rate, payments due for the reasonably certain exercise of options and expected residual value guarantee payments.

Payments that vary based on factors other than an index or a rate such as usage, sales volumes or revenues are not included in the present value calculation and are recognized in the profit and loss account. The lease liability is recognized on an amortized cost basis with interest expense recognized in the profit and loss account over the lease term.

The right-of-use asset is recognized on the balance sheet as tangible assets at a value equivalent to the initial measurement of the lease liability adjusted for lease prepayments, lease incentives, initial direct costs and any restoration obligations. The right-of-use asset is depreciated typically on a straight-line basis over the lease term. The depreciation charge is recognized in the profit and loss account. Right-of-use assets are assessed for impairment in line with the accounting policy for impairment of tangible and intangible assets.

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Agreements may include both lease and non-lease components. Payments for lease and non-lease components are allocated on a relative stand-alone selling price basis.

If the lease term at commencement of the agreement is less than 12 months, a lease liability and right-of-use asset are not recognized, and a lease expense is recognized in the profit and loss account on a straight-line basis.

If a significant event or change in circumstances, within the control of bp, arises that affects the reasonably certain lease term or there are changes to the lease payments, the present value of the lease liability is remeasured using the revised term and payments, with the right-of-use asset adjusted by an equivalent amount.

Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right-of-use asset. Any gain or loss on modification is recognized in the profit and loss account. Modifications that increase the scope of the lease at a price commensurate with the stand-alone selling price are accounted for as a separate new lease.

The company recognizes the full lease liability, rather than its working interest share, for leases entered into on behalf of a joint operation if the company has the primary responsibility for making the lease payments. In such cases, the company's working interest share of the right-of-use asset is recognized if it is jointly controlled by the company and the other joint operators, and a receivable is recognized for the share of the asset transferred to the other joint operators. If the company is a non-operator, a payable to the operator is recognized if they have the primary responsibility for making the lease payments and the company has joint control over the right-of-use asset, otherwise no balances are recognized.

Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The company derecognizes financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party and either substantially all of the risks and rewards of the asset have been transferred, or substantially all the risks and rewards of the asset have neither been retained nor transferred but control of the asset has been transferred.

The company classifies its financial assets as measured at amortized cost or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost
Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost. This category of financial assets includes trade and other receivables.

Financial assets measured at fair value through profit or loss
Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account. Derivatives, other than those designated as effective hedging instruments, are included in this category.

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Impairment of financial assets measured at amortized cost

The company assesses on a forward-looking basis the expected credit losses associated with financial assets measured at amortized cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the company is exposed to credit risk. As lifetime expected credit losses are recognized for trade receivables and the tenor of substantially all other in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the company. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the company expects to receive, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the profit and loss account.

A financial asset or group of financial assets classified as measured at amortized cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the company has no reasonable expectation of recovering amounts due.

Financial liabilities

Financial liabilities are recognized when the company becomes party to the contractual provisions of the instrument. The company derecognizes financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at fair value through profit or loss
Financial liabilities that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account. Derivatives, other than those designated as effective hedging instruments, are included in this category.

Financial liabilities measured at amortized cost
All other financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received, net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. This category of financial liabilities includes trade and other payables.

Derivative financial instruments

The company is exempt from the disclosure requirements of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair value measurement as the company is included in the consolidated financial statements of the ultimate parent undertaking, BP p.l.c., which include the disclosures on a group basis that comply with these standards. Relevant disclosures as required by the Companies Act 2006 in relation to instruments held at fair value have been included in these financial statements.

The company uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or bp's assumptions about pricing by market participants.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the company currently has a legally enforceable right to set off the recognized amounts; and the company intends to either settle on a net basis or realize the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net. A right of set off is the company's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a current legally enforceable right to set off exists.

Provisions and contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized in the profit and loss account. Provisions are discounted using a nominal discount rate of 4.5% (2023 4.0%).

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the financial statements but are disclosed, if material, unless the possibility of an outflow of economic resources is considered remote.

Decommissioning

Liabilities for decommissioning costs are recognized when the company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognized on construction or installation. Similarly, where an obligation exists for a well, this liability is recognized when it is drilled. An obligation for decommissioning may also crystallize during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations; an obligation may also arise in cases where an asset has been sold but the subsequent owner is no longer able to fulfil its decommissioning obligations, for example due to bankruptcy. The amount recognized is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using a nominal discount rate.

An amount equivalent to the decommissioning provision is recognized as part of the corresponding intangible asset (in the case of an exploration or appraisal well) or tangible assets. The decommissioning portion of the tangible assets is subsequently depreciated at the same rate as the rest of the asset. Other than

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the unwinding of discount on or utilization of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

Restructuring provisions

Restructuring provisions are recognized where a detailed formal plan exists, and a valid expectation of risk of redundancy has been made to those affected but where the specific outcomes remain uncertain. Where formal redundancy offers have been made, the obligations for those amounts are reported as payables and, if not, as provisions if unpaid at the year-end.

Significant judgements and estimates: provisions

The company holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations facing the company relate to the plugging and abandonment of wells and the removal and disposal of oil and natural gas platforms and pipelines. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognized. Any changes in the expected future costs are reflected in both the provision and, where still recognized, the asset.

If oil and natural gas production facilities and pipelines are sold to third parties, judgement is required to assess whether the new owner will be unable to meet their decommissioning obligations, whether the company would then be responsible for decommissioning, and if so the extent of that responsibility. This typically requires assessment of the local legal requirements and the financial standing of the owner. If the standing deteriorates significantly, for example, bankruptcy of the owner, a provision may be required. The company has assessed that no provisions should be recognized as at 31 December 2024 (2023 no provision) for assets previously sold to third parties where the sale transferred the decommissioning obligation to the new owner.

The timing and amount of future expenditures relating to decommissioning and environmental liabilities are reviewed annually. The interest rate used in discounting the cash flows is reviewed quarterly. The nominal interest rate used to determine the balance sheet obligations at the end of 2024 was 4.5% (2023 4%), which was based on long-dated US government bonds. The weighted average period over which decommissioning and environmental costs are generally expected to be incurred is estimated to be approximately 7 years (2023 7 years). Costs at future prices are determined by applying an inflation rate of 1.5% (2023 1.5%) to decommissioning costs and 2% (2023 2%) for all other provisions. A lower rate is typically applied to decommissioning as certain costs are expected to remain fixed at current or past prices.

The estimated phasing of undiscounted cash flows in real terms for the upstream decommissioning is approximately $1,268 million (2023 $1,212 million) within the next 10 years, $132 million (2023 $130 million) in 10 to 20 years and the remainder of approximately $103 million (2023 $93 million) after 20 years. The timing and amount of decommissioning cash flows are inherently uncertain and therefore the phasing is management's current best estimate but may not be what will ultimately occur.

Further information about the company's provisions is provided in Note 20. Changes in assumptions in relation to the company's provisions could result in a material change in their carrying amounts within the next financial year. A 1.0 percentage point increase in the nominal discount rate applied could decrease the company's provision balances by approximately $66 million (2023 $67 million). The pre-tax impact on the company's income statement would be a credit of approximately $35 million (2023 $32 million). This level of change reflects past experience of a reasonable change in rate that could arise within the next financial year.

The discounting impact on the company's decommissioning provisions for oil and gas properties in the oil productions & operations and gas & low carbon energy segments of a two-year change in the timing of

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expected future decommissioning expenditures is not significant in 2024 (2023 not significant). Management currently does not consider a change of greater than two years to be reasonably possible in the next financial year and therefore the timing of upstream decommissioning expenditure is not a key source of estimation uncertainty. If all expected future decommissioning expenditures were 10% higher, then these decommissioning provisions would increase by approximately $140 million (2023 $127 million) with a pre-tax charge of approximately $117 million (2023 $103 million).

The company is subject to claims and actions for which no provisions have been recognized. The facts and circumstances relating to particular cases are evaluated regularly in determining whether a provision relating to a specific litigation should be recognized or revised. Accordingly, significant management judgement relating to provisions and contingent liabilities is required, since the outcome of litigation is difficult to predict.

Taxation

Income tax expense represents the sum of current tax and deferred tax.

Income tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the balance sheet method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises on the initial recognition of goodwill;
- Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in group undertakings and associates and interests in joint arrangements, where the company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

In respect of deductible temporary differences associated with investments in group undertakings and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable or increased to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Where tax treatments are uncertain, if it is considered probable that a taxation authority will accept the company's proposed tax treatment, income taxes are recognized consistent with the company's income tax filings. If it is not considered probable, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

Judgement is required when determining whether a particular tax is an income tax or another type of tax (for example a production tax). Accounting for deferred tax is applied to income taxes as described above but is not applied to other types of taxes; rather such taxes are recognized in the profit and loss account in accordance with the applicable accounting policy such as Provisions and contingent liabilities.

In July 2023, the UK government enacted legislation to implement the Pillar Two Model rules. The legislation is effective for bp from 1 January 2024 and includes an income inclusion rule and a domestic minimum tax, which together are designed to ensure a minimum effective tax rate of 15% in each country in which bp operates. In line with the amendments to IAS 12, the exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

In October 2024, the UK government announced changes (effective from 1 November 2024) to the Energy Profits Levy including a 3% increase in the rate taking the headline rate of tax on North Sea profits to 78%, an extension to the period of application of the Levy to 31 March 2030 and the removal of the Levy's main investment allowance. The changes to the rate and to the investment allowance were substantively enacted in 2024 and have been applied in accounting for current tax and deferred tax in the year, resulting in an additional non-cash deferred tax charge of approximately $10 million. The extension of the Levy to 31 March 2030 was substantively enacted after 31 December 2024 and will result in a non-cash deferred tax charge of approximately $53 million in the year ended 31 December 2025.

Significant judgements and estimates: taxation

The value of deferred tax assets and liabilities is an area involving inherent uncertainty and estimation and balances are therefore subject to risk of material change as a result of underlying assumptions and judgements used, in particular the forecast of future profitability used to determine the recoverability of deferred tax, for example future oil and gas prices, see 'Significant judgements and estimates - Recoverability of asset carrying values'. It is impracticable to disclose the extent of the possible effects of profitability assumptions on the company's deferred tax assets. It is reasonably possible that to the extent that actual outcomes differ from management's estimates, material income tax charges or credits, and material changes in current and deferred tax assets or liabilities, may arise within the next financial year and in future periods.

Judgement is required when determining whether a particular tax is an income tax or another type of tax (for example, a production tax). The attributes of the tax, including whether it is calculated on profits or another measure such as production or revenues, the extent of deductibility of costs and the interaction with existing income taxes, are considered in determining the classification of the tax. Accounting for deferred tax is

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applied to income taxes as described above but is not applied to other types of taxes; rather such taxes are recognized in the profit and loss account in accordance with the applicable accounting policy such as Provisions and contingencies.

For more information see Note 9.

Petroleum revenue tax

Deferred Petroleum Revenue Tax (PRT) assets are recognized where PRT relief on future decommissioning costs is virtually certain.

Sales taxes

Sales taxes that are passed on or charged to customers are excluded from turnover and expenses. Assets and liabilities are recognized net of the amount of sales tax except:

- Sales taxes incurred on the purchase of goods and services which are not recoverable from the taxation authority are recognized as part of the cost of acquisition of the asset.
- Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included within receivables or payables in the balance sheet.

Turnover

Revenue from contracts with customers is recognized when or as the company satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of oil, natural gas and natural gas liquids usually coincides with title passing to the customer and the customer taking physical possession. The company principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant.

When, or as, a performance obligation is satisfied, the company recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

Contracts for the sale of commodities are typically priced by reference to quoted prices. Revenue from term commodity contracts is recognized based on the contractual pricing provisions for each delivery. Certain of these contracts have pricing terms based on prices at a point in time after delivery has been made. Revenue from such contracts is initially recognized based on relevant prices at the time of delivery and subsequently adjusted as appropriate. All revenue from these contracts, both that recognized at the time of delivery and that from post-delivery price adjustments, is disclosed as revenue from contracts with customers.

Tariff income is recognized as the underlying commodity is shipped through the pipeline network based on established tariff rates.

Interest income

Interest income is recognized as the interest accrues using the effective interest rate – that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Research costs

Research costs are expensed as incurred.

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Finance costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other finance costs are recognized in the profit and loss account in the period in which they are incurred.

Dividends payable

Final dividends are recorded in the financial statements in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Updates to material accounting policy information

There are no new IFRS Accounting Standards or other amended standards or interpretations adopted from 1 January 2024 onwards, that have a significant impact on the financial statements.

Impact of new International Financial Reporting Standards

The following pronouncements from the IASB have not been adopted by the company in these financial statements as they will only become effective for future financial reporting periods. There are no other standards, amendments or interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the company.

Amendment to IFRS 9 Financial Instruments

Amendments to IFRS 9 Financial Instruments relating to the settlement of liabilities through electronic payment systems are effective for annual periods beginning on or after 1 January 2026 subject to endorsement by the UK Endorsement Board. The potential impact on cash and banking operations and amounts reported on adoption of the amendments is currently being assessed.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will supersede IAS 1 Presentation of Financial Statements and is effective for annual periods beginning on or after 1 January 2027 subject to endorsement by the UK Endorsement Board. IFRS 18 (and consequential amendments made to IAS 7 Statement of Cash Flows, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 33 Earnings per share and IFRS 7 Financial Instruments: Disclosures) introduces several new requirements that are expected to impact the presentation and disclosure of the company's financial statements. These new requirements include:

- Requirements to classify all income and expenses included in the statement of profit or loss into one of five categories and to present two new mandatory subtotals.
- Required disclosures about certain non-GAAP measures ('management defined performance measures') in a single note to the financial statements.
- Enhanced guidance on the aggregation of information across all the primary financial statements and the notes.

The company's evaluation of the effect of adopting IFRS 18 is ongoing.

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3. Turnover

An analysis of the company's turnover is as follows:

	2024	2023
	$000	$000
Revenue from contracts with customers	1,001,030	1,310,454
Tariff income	2,256	2,343
Turnover	1,003,286	1,312,797
Other operating income	1,551	1,842
Turnover and other revenue	1,004,837	1,314,639

Revenue from contracts with customers is attributable to one continuing activity, the production and sale of petroleum and hydrocarbon products. Revenue is recognised as the performance obligation of delivery to the end buyer is met, being the point risk and reward has transferred in accordance with the sales contract. The country of origin and destination is substantially the UK geographic area.

For details of turnover change in comparison to previous year please refer to strategic report.

4. Operating profit / (loss)

This is stated after charging / (crediting):

	2024	2023
	$000	$000
Net foreign exchange (gains) / losses	(45,489)	84,118
Research and development costs expensed	386	292
Depreciation of tangible assets (Note 12)	199,883	293,004
Depreciation of right-of-use assets (Note 12)	212	214
Impairment of intangible assets (Note 11)	—	803,748
Impairment of tangible assets (Note 12)	305,042	401,624
Impairment of investments (Note 13)	160,949	—
Cost of stock recognized as an expense[a]	612	261
Loss on disposal of tangible assets	1,234	214

[a] Amount is included in Cost of sales.

5. Auditor's remuneration

	2024	2023
	$000	$000
Fees for the audit of the company's financial statements	140	165

Fees paid to the company's auditor, Deloitte LLP and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of Britoil Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The audit fees were borne by another group company.

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6. Interest receivable and similar income

	2024	2023
	$000	$000
Interest income from amounts owed by group undertakings	48,439	62,471
Other interest income	169	6
Deferred PRT interest income	1,446	—
Total interest receivable and similar income	50,054	62,477

The year-on-year decrease is mainly due to less interest received on the long-term loan settled in October 2024 from BP International Limited of $43,213,000 (2023 $52,257,000) and decrease in interest received on the Intercompany Financing Accounts (IFA's) from $10,215,000 in 2023 to $5,226,000 in 2024.

7. Interest payable and similar expenses

	2024	2023
	$000	$000
Interest expense on:		
Lease liabilities	99	45
Overdrafts from group undertakings, associates and joint ventures	28,619	25,903
Petroleum Revenue Tax (PRT)	—	12,505
Other interest expense	1,559	1,361
Total interest expense	30,277	39,814
Unwinding of discount on provisions (Note 20)	51,896	34,029
Total interest payable and similar charges	82,173	73,843

8. Exploration for and evaluation of oil and natural gas resources

The following financial information represents the amounts relating to activity associated with the exploration for and evaluation of oil and natural gas resources.

For information on significant judgements and estimates made in relation to oil and natural gas accounting see Intangible assets in Note 2.

	2024	2023
Exploration and evaluation costs	$000	$000
Other exploration costs	108	3,648
Exploration expense for the year	108	3,648
Intangible assets – exploration and appraisal expenditure	112,610	99,568
Liabilities	22,676	13,391
Net assets	89,934	86,177

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9. Taxation

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

In May 2023, the IASB issued International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 Income Taxes to clarify the application of IAS 12 to tax legislation enacted or substantively enacted to implement Pillar Two of the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting project, which aims to address the tax challenges arising from the digitalisation of the economy. The amendments include a mandatory temporary exception from accounting for deferred tax on such tax law. In July 2023, the UK government enacted legislation to implement the Pillar Two rules. The legislation is effective for the company from 1 January 2024 and includes an income inclusion rule and a domestic minimum tax. The Pillar Two rules apply at a country level across legal entities in the same group. The rules also include a transitional safe harbour (TCSH) based on Country-by-Country reporting which is applicable for the first three years of the Pillar Two rules. The TCSH provides for three tests which simplify the application of the Pillar Two rules, and where at least one of these tests is met, the top-up tax is deemed to be zero. No provision has been made for Pillar Two current tax for the company for the year ended 31 December 2024 as the company is expected to qualify for the TCSH. In line with the amendments to IAS 12, the exception from accounting for deferred tax for the Pillar Two rules has been applied.

The taxation charge in the profit and loss account is made up as follows:

	2024	2023
Current tax	$000	$000
UK corporation tax on income for the year	474,850	758,062
UK tax underprovided / (overprovided) in prior years	29,689	(47,671)
Total current tax charged	504,539	710,391
Deferred tax		
Origination and reversal of temporary differences	(453,912)	(423,996)
Effect of the tax rate change	152,526	—
Adjustments in prior year temporary differences	467	(133)
Total deferred tax credited	(300,919)	(424,129)
Tax charged on profit	203,620	286,262

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is higher (2023: lower) than the weighted average rate of corporation tax in the UK of 75.5% for the year ended 31 December 2024 (2023: 75%). The differences are reconciled below:

	2024	2023
	$000	$000
Profit / (loss) before taxation	217,386	(530,166)
Tax charge	203,620	286,262
Effective tax rate	93.7 %	(54.0)%

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	2024	2023
	%	%
UK statutory corporation tax rate:	75.5	75.0
Increase / (decrease) resulting from:		
Non-deductible / (claimed) expenditure	63.0	(135.0)
Non-taxable income	(63.0)	—
Free group relief surrendered	14.2	6.0
Effect of tax rate changes	71.0	(9.0)
Adjustments in respect of prior years	14.0	9.0
Decommissioning provisions - transfer from Foinaven entities	(81.0)	—
Effective tax rate	93.7	(54.0)

Change in corporation tax rate

The UK corporation tax rate is 25%, effective from 1 April 2023, which applies for the year ended 31 December 2024. This rate is applied when calculating the company's deferred tax balances at the balance sheet date.

On 26 May 2022, the UK Government announced the introduction of the Energy Profits Levy (EPL), which was subsequently enacted on 14 July 2022. EPL is effective from the date of announcement and was intended to be applicable until 31 December 2025. The Autumn Finance Bill on 17 November 2022 announced that the EPL rate would increase to 35% from 1 January 2023 and the period over which EPL would apply was extended to 31 March 2028. The Finance Bill was substantively enacted on 30 November 2022.

The Autumn Finance Bill on 31 October 2024 announced that the EPL rate would increase to 38% from 1 November 2024 and the period over which EPL would apply was extended to 31 March 2030.

EPL is applied to profits, or losses, that arise from UK oil and gas extraction or rights (Ring fence profits). EPL is levied at 35% on ring fence profits from 1 January 2023 and 38% from 1 November 2024. For 31 December 2024, the blended EPL rate is 35.5%. EPL is in addition to the existing Ring Fence Corporation Tax (30%) and Supplementary Charge (10%), increasing the headline rate of tax to 75.5%.

Ring fence profits, or losses, are subject to EPL, but no relief is available for Ring Fence Corporation Tax losses carried forward, decommissioning expenditure or finance costs. An 80% EPL Investment Allowance is given for capital expenditure incurred after 26 May 2022 up to 31 December 2022. The EPL Investment Allowance is reduced from 80% to 29% from 1 January 2023. The Autumn Finance Bill on 31 October 2024 announced that the 29% investment allowance abolished for qualifying expenditure incurred on or after 1 November 2024.

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(b) Provision for deferred tax

The deferred tax included in the profit and loss account and balance sheet is as follows:

	Profit and loss account		Balance sheet	
Deferred tax asset	2024	2023	2024	2023
	$000	$000	$000	$000
Decommissioning and other provisions	(67,454)	15,472	463,829	396,375
Other deductible temporary differences	512	681	—	512
Net (credit)/charge for deferred tax assets	(66,942)	16,153	463,829	396,887

	Profit and loss account		Balance sheet	
Deferred tax liability	2024	2023	2024	2023
	$000	$000	$000	$000
Accelerated capital allowances	(233,955)	(427,053)	(562,240)	(796,195)
Other taxable temporary differences	(22)	(13,229)	(1,068)	(1,090)
Net credit for deferred tax liabilities	(233,977)	(440,282)	(563,308)	(797,285)
Net deferred tax credit and net deferred tax liability	(300,919)	(424,129)	(99,479)	(400,398)

Analysis of movements during the year

	2024
	$000
At 1 January 2024	(400,398)
Deferred tax credit in the profit and loss account	300,919
At 31 December 2024	(99,479)

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10. Directors and employees

(a) Remuneration of directors

A number of directors are senior executives of the bp group and received no remuneration for qualifying services to this company

The following details relate to the directors who received remuneration for their qualifying services to the company and so are in scope for this disclosure.

The total remuneration for these qualifying directors for their period of directorship to the company amounted to $347,000 (2023 $533,000). These costs were borne by other undertakings within the group.

None of the qualifying directors received a compensation for loss of office (2023 None).

Of these qualifying directors, the highest paid director received $259,000 (2023: $402,000). The accrued pension of the highest paid director at 31 December 2024 was $Nil (2023 $Nil). The highest paid director had awards receivable in the form of BP p.l.c. shares under a long-term incentive scheme (2023 One).

One of these qualifying directors were members of the defined benefit section of the bp Pension Fund at 31 December 2024 (2023 One).

None of these qualifying directors received any contribution to a money purchase pension scheme during the year (2023 None).

None of the qualifying directors exercised share options over BP p.l.c. shares during the year (2023 Two).

Two of the qualifying directors had awards receivable in the form of BP p.l.c. shares under a long-term incentive scheme (2023 Two).

(b) Employee costs

The company had no employees during the year (2023: None).

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11. Intangible assets

	Goodwill	Exploration expenditure	Total
Cost	$000	$000	$000
At 1 January 2024	803,748	102,637	906,385
Additions	—	12,836	12,836
Disposals	—	206	206
At 31 December 2024	803,748	115,679	919,427
Amortisation			
At 1 January 2024	(803,748)	(3,069)	(806,817)
Disposals	—	(206)	(206)
Write-off	—	206	206
At 31 December 2024	(803,748)	(3,069)	(806,817)
Net book value			
At 31 December 2024	—	112,610	112,610
At 31 December 2023	—	99,568	99,568

Increase of $13 million in exploration expenditure relates to addition on Clair area in 2024.

The purchase of 16.5% of Clair field from BP Exploration (PSI) Limited in October 2019 resulted in goodwill in amount of $803,748,000. Goodwill arose as a result of the hive-down of 16.5% equity in Clair field by BP Exploration (PSI) Limited and had been computed under IFRS 3 as the excess of consideration transferred over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. In 2023 impairment has been identified on Clair field and the full amount of goodwill has been written-off.

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12. Tangible assets

	Fixtures & fittings	Oil & gas properties	Total	Of which AUC[a]
Cost - owned tangible assets	$000	$000	$000	$000
At 1 January 2024	12,308	5,965,726	5,978,034	51,860
Additions	—	70,446	70,446	70,071
Acquisition of business		533	533	—
Disposals	29,517	—	29,517	—
Transfers	(41,825)	41,825	—	(34,621)
Changes in decommissioning provision	—	(13,096)	(13,096)	—
At 31 December 2024	—	6,065,434	6,065,434	87,310
Depreciation - owned tangible assets				
At 1 January 2024	(12,308)	(4,527,362)	(4,539,670)	(9,926)
Charge for the year	—	(199,883)	(199,883)	—
Impairment	—	(305,042)	(305,042)	(396)
Disposals	(29,517)	—	(29,517)	—
Transfers	41,825	(41,825)	—	—
At 31 December 2024	—	(5,074,112)	(5,074,112)	(10,322)
Owned tangible assets - net book value				
At 31 December 2024	—	991,322	991,322	76,747
Right-of-use assets - net book value				
At 31 December 2024	—	1,960	1,960	—
Total tangible assets net book value				
At 31 December 2024	—	993,282	993,282	76,988
Total net book value				
At 31 December 2023	—	1,439,152	1,439,152	41,934
Depreciation charge for the year on right-of-use assets				
2024	—	(212)	(212)	—
2023	—	(214)	(214)	—

[a]AUC = assets under construction. Assets under construction are not depreciated. Opening balance for 2024 was restated due to Clair impairment adjustment.

Capitalized interest included above is as follows:

	Net book value
Capitalized interest	$000
At 31 December 2024	154
At 31 December 2023	269

In 2024 the company recognised AUC additions in amount of $70 million mainly due to further developments in Clair area ($46 million) and Culzean field ($2 million). Also the company has transferred $35 million of AUC to Oil and Gas properties related to Clair area ($32 million) and Culzean ($3 million).

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Management's best estimate of oil price assumptions for value in use impairment testing was revised during 2024. See 'Material accounting policy: Impairment of intangible and tangible assets' for details of assumptions used.

As a result of this review, the company has recognized total impairment charges of $305 million (2023 $402 million). This comprised $296 million on Clair area, $7 million on Foinaven field, $3 million on Brent field, $1 million on Don field partially offset by $2 million of reversal of impairment charge on Viking.

Impairments were calculated on a value in use basis, applying a pre-tax discount rate of 13% further adjusted for the impact of EPL.

The carrying value of the CGU's which have recognized impairment charges during the year was $914 million (Clair area).

13. Investments

	Investment in subsidiaries
Cost	$000
At 1 January 2023	1,434,000
At 31 December 2023	1,434,000
At 1 January 2024	1,434,000
At 31 December 2024	1,434,000
Impairment losses	
At 1 January 2023	(1,088,157)
At 31 December 2023	(1,088,157)
At 1 January 2024	(1,088,157)
Charge for the year	(160,949)
At 31 December 2024	(1,249,106)
Net book amount	
At 31 December 2024	184,894
At 31 December 2023	345,843

The investments in subsidiaries are all stated at cost less provision for impairment.

The company performed an impairment review on its investments. As a result of this review, the company recognized $161 million of impairment charge for its investment in Amoco (UK) Exploration Company LLC.

The investments in subsidiaries are unlisted.

The group undertakings of the company at 31 December 2024 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

All voting rights are equal to percentage of share capital owned unless otherwise noted below.

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Group undertakings

Company name	Class of share held	%	Registered address	Principal activity
Amoco (UK) Exploration Company, LLC	Ordinary shares	100	Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States	Exploration and production of hydrocarbons

Significant holdings in other related undertakings

Disclosed below is a full list of related undertakings in which the company holds an interest of 20% or greater, along with the registered address and the percentage of share capital owned as at 31 December 2024.

Related undertaking	Holding %	Registered address	Direct / Indirect
Amoco UK Petroleum Limited	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect
Amoco (Fiddich) Limited*	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Indirect

*The entity is in process of liquidation in 2025.

14. Stocks

	2024	2023
	$000	$000
Raw materials and consumables	30,409	22,925
Crude oil	11,958	11,789
	42,367	34,714

The difference between the carrying value of stocks and their replacement cost is not material.

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15. Debtors

Amounts falling due within one year:

	2024	2023
	$000	$000
Trade debtors	24,087	38,635
Amounts owed from group undertakings	3,921,337	3,626,112
Other debtors	20,503	23,079
Prepayments and accrued income	33	5,833
Petroleum Revenue Tax	51	15,043
	3,966,011	3,708,702

Amounts falling due after one year:

	2024	2023
	$000	$000
Other debtors	—	6,449
Loans to group undertakings	—	1,000,000
Prepayments and accrued income	1,729	1,729
Petroleum Revenue Tax	2,671	2,726
	4,400	1,010,904
Total debtors	3,970,411	4,719,606

Amounts owed from group undertakings are pre-dominantly non-interest bearing and have repayment terms in the range of 30 to 60 days. The balance consists of intercompany trade receivables related to the operation of the company.

Loans to group undertakings represents the deposits with BP International Ltd. $1 billion was transferred from IFA in 2021 and settled in 2024. Interest is accrued on a monthly basis based on USD SOFR. Please see details in Note 16.

16. Creditors

Amounts falling due within one year:

	2024	2023
	$000	$000
Trade creditors	23,036	5,394
Amounts owed to group undertakings	480,222	1,091,969
Other creditors	32,515	38,615
Taxation	144,955	282,493
Accruals and deferred income	29,392	22,174
	710,120	1,440,645

Amounts falling due after one year:

	2024	2023
	$000	$000
Other creditors	139	142
Total creditors	710,259	1,440,787

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Materially all of the company's trade payables have payment terms of less than 60 days and give rise to operating cash flows.

The amounts owed to group undertakings comprise an Internal Funding Accounts (IFAs) of $437 million payable to BP International Limited (2023 $1,041 million).

This balance forms a key part of the bp group's liquidity and funding arrangements under its centralized treasury funding model. Whilst IFA credit balances are legally repayable on demand, in practice they have no termination date.

Interest is accrued on a monthly basis based on overnight SOFR plus 6 basis points.

17. Loans and obligations under leases

Loans repayable and obligations under leases are analysed as follows:

Within 5 years

	2024 Lease liabilities $000	2023 Lease liabilities $000
Due within		
1 year	210	189
1 to 2 years	202	165
2 to 5 years	692	333
	1,104	687

After 5 years

	2024 Lease liabilities $000	2023 Lease liabilities $000
Not wholly repayable	1,080	365
	1,080	365

18. Leases

The company leases a number of assets as part of its activities. This primarily includes the extension of storage tank lease to 2033 on Culzean field.

	2024 $000	2023 $000
Additions to right-of-use assets in the period	1,387	—
Total cash outflow for amounts included in lease liabilities[a]	325	269

[a] The cash outflows for amounts not included in lease liabilities approximate the income statement expense disclosed above.

An analysis of right-of-use assets and depreciation is provided in Note 12. An analysis of lease interest expense is provided in Note 7.

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19. Derivatives and other financial instruments

In the normal course of business the company enters into derivative financial instruments (derivatives), to manage its normal business exposures in relation to foreign currency exchange rates consistent with risk management policies and objectives.

For information on significant judgements and estimates made in relation to the application of hedge accounting and the valuation of derivatives, see Derivative financial instruments and hedging activities within Note 2.

The fair values of derivative financial instruments at 31 December are set out below:

	2024 Fair value asset $000	2024 Fair value liability $000	2023 Fair value asset $000	2023 Fair value liability $000
Derivatives held for trading				
- Currency derivatives	6,072	(4,267)	16,304	(1,294)
	6,072	(4,267)	16,304	(1,294)
Of which:				
– current intercompany derivatives with parent undertaking	2,153	(1,250)	6,441	(119)
– non-current intercompany derivatives with parent undertaking	3,919	(3,017)	9,863	(1,175)
	6,072	(4,267)	16,304	(1,294)

2024	Less than 1 year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	Over 5 years $000	Total $000
Fair value of derivative assets							
Level 2	2,154	1,786	1,942	190	—	—	6,072
Fair value of derivative liabilities							
Level 2	(1,250)	(1,691)	(1,245)	(81)	—	—	(4,267)
Net fair value	904	95	697	109	0	—	1,805

2023	Less than 1 year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	Over 5 years $000	Total $000
Fair value of derivative assets							
Level 2	6,441	2,824	3,542	3,154	343	—	16,304
Fair value of derivative liabilities							
Level 2	(119)	(220)	(280)	(626)	(49)	—	(1,294)
Net fair value	6,322	2,604	3,262	2,528	294	—	15,010

Derivative gains and losses

Gains and losses on derivative contracts are included within 'Cost of sales' in the profit and loss account. The total amount relating to these derivative contracts was a net gain of $13.2 million (2023 net gain of $11.7 million).

20. Provisions

	Decommissioning
	$000
At 1 January 2024	1,107,129
New or increased provisions:	
Charged to profit and loss account	28,376
Recognized within tangible and intangible assets	(13,096)
Transfer[a]	232,704
Unwinding of discount	51,896
Utilization	(131,855)
At 31 December 2024	1,275,154
At 31 December 2024	
Current	133,880
Non-current	1,141,274
	1,275,154
At 31 December 2023	
Current	140,853
Non-current	966,276
	1,107,129

For information on the nature, significant judgements and estimates made in relation to provisions, see Provisions within Note 2.

[a]In 2024 the increase of $233 million is due to the transfer of interest in the Foinaven fields, WOSPS and the related decommissioning liability to Britoil Limited.

21. Called up share capital

	2024	2023
	$000	$000
Issued and fully paid:		
16,756,628,766 ordinary shares of 10p each for a total nominal value of £1,675,662,876.6	2,389,898	2,389,898
	2,389,898	2,389,898

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22. Reserves

Called up share capital
The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

Share premium account
The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary shares.

Profit and loss account
The balance held on this reserve is the retained profits of the company.

In 2024, the company paid interim ordinary dividends of $500,000,000 (2023 $Nil). The dividend per share was $0.03 (2023 $0).

23. Capital commitments

Authorized and contracted future capital expenditure (excluding right-of-use assets) by the company for which contracts had been placed but not provided in the financial statements at 31 December 2024 is estimated at $51,577,000 (2023: $22,884,000).

24. Related party transactions

The company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel. There were no other related party transactions in the year.

25. Post balance sheet events

There were no post balance sheet events identified.

26. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP Exploration Operating Company Limited, a company registered in England and Wales. The ultimate controlling parent undertaking is BP p.l.c., a company registered in England and Wales, which is the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of BP p.l.c. can be obtained from its registered address: 1 St James's Square, London, SW1Y 4PD.

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