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BP GAS MARKETING LIMITED

(Registered No.00908982)

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

Board of directors: R J Harrison
E P Skinner-Reid
J K Tate

The directors present the Strategic Report, their report and the audited financial statements on BP Gas Marketing 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 activity

The company's principal activity is the trading of gas, power, liquefied natural gas (LNG), emissions and other energy products in the United Kingdom (UK) and overseas.

Results

The profit for the year after taxation was £1,335,385,000 which, when added to the retained profit brought forward at 1 January 2024 of £8,084,814,000, and after deducting total paid interim dividends to ordinary shareholders of £1,300,000,000, gives a total retained profit carried forward at 31 December 2024 of £8,120,199,000.

Review of the business

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

	2024	2023	Variance
	£000	£000	%
Turnover	7,544,055	13,834,133	(45)
Operating profit	1,020,250	4,486,757	(77)
Profit for the financial year	1,335,385	4,858,733	(73)
Total equity	9,646,239	9,428,109	2

	2024	2023	Variance
Quick ratio*	287 %	218 %	69 %

*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.

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STRATEGIC REPORT

Review of the business (continued)

The overall decrease in turnover was primarily driven by the impact of commodity price movements and the position in LNG's financial strategy. The company's short paper position in LNG led to a significant loss in 2024 due to a sharp rebound in prices towards end of the 2024.

The overall decrease in operating profit and profit for the financial year was attributed to lower turnover and margins earned in current year. The company entered into long term contracts for purchases, which were indexed to Brent price, while sales are generated based on spot gas prices. Gas prices decreased more than oil prices, thereby resulting in lower margins.

Total equity remains relatively stable on a year-on-year basis.

Quick ratio has improved due to an increase in Internal Funding Accounts (IFAs), while current liabilities have remained relatively stable.

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.

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Section 172 (1) statement (continued)

Section 172 factor*(s)*	
(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.
(f) 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.

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 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.
Shareholders	The company is committed to maximising long term shareholder value, in whatever form, when making decisions. The company operates in accordance with the bp group's System of Internal Control to promote long-term success of the company for the shareholder.

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
Approval of the 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 dividend.

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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.

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. Recent global developments have also caused significant uncertainty and volatility in macroeconomic conditions and commodity markets. The going concern assessment in the Directors' Report has been based on bp's current expectations, but actual outcomes and results may be impacted by these evolving macroeconomic and market conditions.

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.

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Strategic and commercial risks (continued)

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, 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.

Trade restrictions, international sanctions or any other actions taken by governmental authorities or other relevant persons have had and could continue to have an impact on global energy supply and demand, market volatility and the prices of oil, gas and products.

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.

Trade and other receivables, including overdue receivables, may not be recovered, divestment may not be successfully completed and a substantial and unexpected cash call or funding request could disrupt the group's financial framework or overwhelm the company's ability to meet its obligations.

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

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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

Strategic and commercial risks (continued)

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 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.

Technological improvements or innovations that support the transition to a lower carbon economy, and customer preferences or regulatory incentives that alter fuel or power choices, could impact demand for oil and gas (including low carbon energy).

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 investments and trade and other debtors, the judgement as to the useful economic lives of tangible assets used for the calculation of depreciation as well as the judgement whether there is continued intent to develop appraisal intangible assets, the timing of decommissioning of assets and the useful economic lives of assets used for the calculation of 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 its innovation in areas such as new low carbon technologies, digital and customer offer lags behind those of its 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.

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Safety and operational risks

Security
Acts of terrorism, piracy, sabotage, activism and similar activities directed against the company's operations 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. In relation to trade restrictions or other sanctions, current geopolitical factors have increased these risks.

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.

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; credit risk; and liquidity 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:

Signed by:
Robert Harrison
351A37EA4092423...
R J Harrison
Director

September 17, 2025

Registered office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

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DIRECTORS' REPORT

BP GAS MARKETING LIMITED

Directors

The present directors are listed on page 1.

There have been no director appointments or resignations since 1 January 2024.

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 £1,300,000,000 (2023 £5,000,000,000). The directors do not propose the payment of a final dividend (2023 £Nil).

Strategic and commercial risks

Markets
Recent global developments have caused significant uncertainty and volatility in macroeconomic conditions and commodity markets. The going concern assessment below has been based on bp's current expectations, but actual outcomes and results may be impacted by these evolving macroeconomic and market conditions.

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.

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 5-8.

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Going concern (continued)

The company enters into derivative transactions in the normal course of business to buy and sell gas products at a future point in time. These derivatives lock in a gain / loss and as such are used to minimize market risk.

The company has a substantial and growing physical LNG trading business. Under IFRS, physical LNG is not accounted for as a derivative and future profit or loss is only recognized as it is realized, whereas mark to market gains and losses on financial hedges against the physical LNG contracts are fully recognized on a mark to market basis. This accounting asymmetry is a structural anomaly and can give rise to volatility in the reported results of the company during periods when gas commodity prices are volatile. The company is an integral part of the wider bp group strategy and continues to be internally funded, consequently the company will expect to be able to meet its liabilities during such volatile periods. To ensure that the company remains a going concern, bp has and will continue to take appropriate measures, such as providing liquidity to meet exchange margin calls or injecting additional equity, to ensure that the company continues to meet its obligations.

In assessing the prospects of BP Gas Marketing 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.

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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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 below.

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.

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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

Corporate Governance Statement (continued)

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 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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

Corporate Governance Statement (continued)

Application of the system of governance (continued)

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:

Signed by:
Robert Harrison
351A37EA4092423...
R J Harrison
Director
September 17, 2025

Registered office:

Chertsey Road
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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BP GAS MARKETING LIMITED

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK 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 company and the profit or loss 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 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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BP GAS MARKETING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BP Gas Marketing 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;
- 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 fund 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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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.

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 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

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

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
As a result of performing the above, we identified that the greatest potential for fraud in the following area, and our specific procedures performed to address the risk of fraud are described below:

- Valuation of Level 3 Financial Instruments: In Fair values of complex level 3 derivative instruments are not being measured appropriately, due to the appropriateness of their volatility inputs and, as a result, derivative assets (liabilities) and related valuation gains (losses) can be overstated (understated).

  In addressing the risk we performed substantive valuation testing procedures at interim and year-end balance sheet dates. The substantive procedures included:
  - evaluating management's valuation methodologies against standard valuation practice and analysing whether a consistent framework is applied across the business period over period;
  - engaging our valuation specialists to challenge models, develop fair value estimates and evaluate consistency in management's modelling and input assumptions throughout the year;
  - comparing management's input assumptions against the expected assumptions of other market participants and observable market data;
  - independently validating price points on pricing curves; and
  - analysing whether there was any indication of management bias through evaluating the distribution of valuation differences where relevant.

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.

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.

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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

INDEPENDENT AUDITOR'S REPORT

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:
Christopher Jones
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Christopher Jones, MA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

September 17, 2025

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

BP GAS MARKETING LIMITED

	Note	2024 £000	2023 £000
Turnover	3	7,544,055	13,834,133
Cost of sales		(5,469,664)	(7,932,407)
Gross profit		2,074,391	5,901,726
Dividend income		114,136	98,080
Distribution and marketing expenses		(964,846)	(1,428,470)
Administrative expenses	4	(268,290)	(76,960)
Other operating income		2,876	8,148
Profit / (loss) on disposal of fixed assets	4	61,983	(6,384)
Impairment of fixed asset investments	4	—	(9,383)
Operating profit	4	1,020,250	4,486,757
Interest receivable and similar income	6	531,279	539,834
Interest payable and similar expenses	7	(216,144)	(167,858)
Profit before taxation		1,335,385	4,858,733
Tax on profit	8	—	—
Profit for the financial year		1,335,385	4,858,733

The profit of £1,335,385,000 for the financial year ended 31 December 2024 was derived in its entirety from continuing operations.

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

BP GAS MARKETING LIMITED

	2024	2023
	£000	£000
Profit for the financial year	1,335,385	4,858,733
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	182,745	(313,095)
Other comprehensive income for the year net of tax	182,745	(313,095)
Total comprehensive income for the year	1,518,130	4,545,638

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BALANCE SHEET

AS AT 31 DECEMBER 2024

BP GAS MARKETING LIMITED

(Registered No.00908982)

	Note	2024 £000	2023 £000
Fixed assets			
Intangible assets	10	71,714	63,018
Tangible assets	11	1,129,400	1,102,827
Investments	12	—	—
		1,201,114	1,165,845
Current assets			
Stocks	13	523,338	417,048
Debtors – amounts falling due:			
within one year	14	11,996,001	8,441,818
after one year	14	32,048	9,788
Derivatives and other financial instruments:			
within one year	20	1,104,283	6,515,857
after one year	20	720,158	1,042,414
Cash at bank and in hand		342,864	420,799
Assets classified as held for sale	15	—	30,435
		14,718,692	16,878,159
Creditors: amounts falling due within one year	16	(3,282,457)	(4,982,402)
Derivatives and other financial instruments due within one year	20	(1,003,710)	(1,684,245)
Lease liabilities	17	(392,943)	(385,141)
Net current assets		10,039,582	9,826,371
TOTAL ASSETS LESS CURRENT LIABILITIES		11,240,696	10,992,216
Creditors: amounts falling due after more than one year	16	(17,972)	(5,859)
Derivatives and other financial instruments due after more than one year	20	(765,149)	(729,054)
Lease liabilities	17	(773,667)	(772,700)
Provisions for liabilities and charges			
Provisions	21	(37,669)	(56,494)
NET ASSETS		9,646,239	9,428,109
Capital and reserves			
Called up share capital	22	1,165,000	1,165,000
Share premium account	23	—	—
Foreign currency translation reserve	23	361,040	178,295
Profit and loss account	23	8,120,199	8,084,814
TOTAL EQUITY		9,646,239	9,428,109

DTT

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BALANCE SHEET

AS AT 31 DECEMBER 2024

BP GAS MARKETING LIMITED

(Registered No.00908982)

The financial statements were approved by the board of directors and authorized for issue on 15 September 2025 and were signed on its behalf by:

Signed by:
Robert Harrison
351A37EA4092423...

R J Harrison
Director
September 17, 2025

Included within Net Assets are the following asset related to disposal group classified as held for sale (see Note 15).

	2024	2023
	£000	£000
Assets classified as held for sale	—	30,435

DTT

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

BP GAS MARKETING LIMITED

	Called up share capital (Note 22)	Share premium account (Note 23)	Foreign currency translation reserve (Note 23)	Profit and loss account (Note 23)	Total
	£000	£000	£000	£000	£000
Balance at 1 January 2023	8,165,000	552	491,390	1,225,529	9,882,471
Profit for the financial year	—	—	—	4,858,733	4,858,733
Other comprehensive income for the year	—	—	(313,095)	—	(313,095)
Total comprehensive income for the year	—	—	(313,095)	4,858,733	4,545,638
Reduction of share capital	(7,000,000)	(552)	—	7,000,552	—
Dividends paid	—	—	—	(5,000,000)	(5,000,000)
Balance at 31 December 2023	1,165,000	—	178,295	8,084,814	9,428,109
Balance at 1 January 2024	1,165,000	—	178,295	8,084,814	9,428,109
Profit for the financial year	—	—	—	1,335,385	1,335,385
Other comprehensive income for the year	—	—	182,745	—	182,745
Total comprehensive income for the year	—	—	182,745	1,335,385	1,518,130
Dividends paid	—	—	—	(1,300,000)	(1,300,000)
Balance at 31 December 2024	1,165,000	—	361,040	8,120,199	9,646,239

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Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

The financial statements of BP Gas Marketing Limited for the year ended 31 December 2024 were approved by the board of directors on 15 September 2025 and the balance sheet was signed on the board's behalf by R J Harrison. BP Gas Marketing Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 00908982) under the Companies Act 2006. The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom. 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;

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

Basis of preparation (continued)

(e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
(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 paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
(i) the requirements of IFRS 7 Financial Instruments: Disclosures;
(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 consolidated financial statements of BP p.l.c. The consolidated 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 Pound Sterling and all values are rounded to the nearest thousand pounds (£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 is derivative financial instruments.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

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 5-8.

The company enters into derivative transactions in the normal course of business to buy and sell gas products at a future point in time. These derivatives lock in a gain/loss and as such are used to minimize market risk.

The company has a substantial and growing physical LNG trading business. Under IFRS, physical LNG is not accounted for as a derivative and future profit or loss is only recognised as it is realised, whereas mark to market gains and losses on financial hedges against the physical LNG contracts are fully recognised on a mark to market basis. This accounting asymmetry is a structural anomaly and can give rise to volatility in the reported results of the company during periods when gas commodity prices are volatile. The company is an integral part of the wider bp group strategy and continues to be internally funded, consequently the company will expect to be able to meet its liabilities during such volatile periods. To ensure that the company remains a going concern, bp has and will continue to take appropriate measures, such as providing liquidity to meet exchange margin calls or injecting additional equity, to ensure that the company continues to meet its obligations.

In assessing the prospects of BP Gas Marketing 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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

Foreign currency

The company comprises several foreign operations, of which the functional currencies are Pound Sterling, Euro and US dollars. The functional currency is the currency of the primary economic environment in which the foreign operation operates and is normally the currency in which the foreign operation primarily generates and expends cash. The presentation currency of the financial statements is Pound Sterling.

Transactions in foreign currencies are initially recorded in the functional currency of the foreign operations at the spot exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at the spot exchange rate on the balance sheet date. Any resulting exchange differences are included in the profit and loss account. Non-monetary items, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Assets and liabilities of the foreign operations are translated into Pound Sterling at rates of exchange ruling at the balance sheet date. The profit and loss account is translated into Pound Sterling using average rates of exchange. Exchange differences arising when the opening net assets and the profits for the year retained by foreign operations are translated into Pound Sterling. These exchange differences are taken directly to reserves and reported in other comprehensive income. When a foreign currency operations is disposed of the cumulative amount of foreign currency differences included in other comprehensive income is reclassified to the profit and loss account.

Investments

Fixed asset investment in subsidiary is held at cost. The company assesses investment 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.

Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Significant non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

Non-current assets held for sale (continued)

Tangible assets and intangible assets are not depreciated or amortized once classified as held for sale. If a non-current asset or disposal group has been classified as held for sale, but subsequently ceases to meet the criteria to be classified as held for sale, the company ceases to classify the asset or disposal group as held for sale. Non-current assets and disposal groups that cease to be classified as held for sale are measured at the lower of the carrying amount before the asset or disposal group was classified as held for sale (adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset or disposal group not been classified as held for sale) and its recoverable amount at the date of the subsequent decision not to sell. Any adjustment to the carrying amount is recognized in profit or loss in the period in which the asset ceases to be classified as held for sale.

Intangible assets

Intangible assets including digital assets are stated at the amount initially recognized, less accumulated amortization and accumulated impairment losses.

Intangible assets with a finite life are amortized on a straight-line basis over their expected useful lives. Digital asset costs generally have a useful life of three to five years.

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.

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 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.

Tangible assets are depreciated on a straight-line basis over their expected useful lives. The typical useful lives of the company's tangible assets on initial recognition are as follows:

Corporate and other	
Office equipment	4 years
Fixtures and fittings	4 years
Transportation	
Vessels	up to 15 years

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

Tangible assets (continued)

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.

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, changes in commodity prices leading to sustained unprofitable performance. 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 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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

Impairment of intangible and tangible assets (continued)

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.

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.

Stocks held for short-term trading purposes are stated at fair value less costs to sell and any changes in fair value are recognized in the profit and loss account.

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.

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 the company is reasonably certain to exercise, or periods covered by a termination option that the company 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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

Leases (continued)

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 assets.

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.

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 using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit and loss when the assets are derecognized or impaired and when interest income is recognized using the effective interest method. This category of financial assets includes trade and other receivables, cash and cash equivalents, amounts owed from group undertakings and amounts owed from joint ventures.

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.

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

Financial assets (continued)

Cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments and are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and generally have a maturity of three months or less from the date of acquisition. Cash equivalents are classified as financial assets measured at amortized cost or, in the case of certain money market funds, fair value through profit or loss.

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. This category of financial liabilities includes trade and other payables, amounts owed to group undertakings, amounts owed to joint ventures.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

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, interest rates and commodity prices, as well as for trading purposes. These derivative financial instruments are recognized initially at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Contracts to buy or sell a non-financial item (for example, oil, oil products, gas or power) that can be settled net in cash or another financial instrument, or by exchanging financial instruments as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the company's expected purchase, sale or usage requirements, are accounted for as financial instruments. Contracts to buy or sell equity investments, including investments in associates, are also financial instruments. Gains or losses arising from changes in the fair value of derivatives that are not designated as effective hedging instruments are recognized in the profit and loss account.

If, at inception of a contract, the valuation cannot be supported by observable market data, any gain or loss determined by the valuation methodology is not recognized in the profit and loss account but is deferred on the balance sheet and is commonly known as 'day-one profit or loss'. This deferred gain or loss is recognized in the profit and loss account over the life of the contract until substantially all the remaining contractual cash flows can be valued using observable market data at which point any remaining deferred gain or loss is recognized in the profit and loss account. Changes in valuation subsequent to the initial valuation at inception of a contract are recognized immediately through the profit and loss account.

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.

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

Fair value measurement (continued)

Significant judgements and estimates: derivative financial instruments

In some cases the fair values of derivatives are estimated using internal models due to the absence of quoted prices or other observable, market-corroborated data. This primarily applies to the company's longer-term derivative contracts. The majority of these contracts are valued using models with inputs that include price curves for each of the different products that are built up from available active market pricing data (including volatility and correlation) and modelled using the maximum available external information. Additionally, where limited data exists for certain products, prices are determined using historical and long-term pricing relationships. The use of alternative assumptions or valuation methodologies may result in significantly different values for these derivatives. A reasonably possible change in the price assumptions used in the models relating to index price would not have a material impact on net assets and the profit and loss account primarily as a result of offsetting movements between derivative assets and liabilities. For more information, including the carrying amounts of level 3 derivatives, see Note 20.

In some cases, judgement is required to determine whether contracts to buy or sell commodities meet the definition of a derivative. In particular, longer-term contracts to buy and sell LNG are not considered to meet the definition as they are not considered capable of being net settled due to a lack of liquidity in the LNG market and so are accounted for on an accruals basis, rather than as a derivative.

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

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%).

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

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 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.

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.

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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

Taxation (continued)

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.

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.

Customs duties and sales taxes

Customs duties and 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 customs duties or sales tax except:

- Customs duties or 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 customs duty or 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 natural gas, natural gas liquids, LNG, petroleum and chemical products, and other items 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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

Turnover (continued)

Sales and purchase of commodities accounted for under IFRS 15 are presented on a gross basis in Revenue from contracts with customers and Purchases respectively. Physically settled derivatives which represent trading or optimization activities are presented net alongside financially settled derivative contracts in Other operating revenues within Sales and other operating income. Certain physically settled sale and purchase derivative contracts which are not part of trading and optimization activities are presented gross within Other operating revenues and Purchases respectively. Changes in the fair value of derivative assets and liabilities prior to physical delivery are also classified as other operating revenues.

Certain contracts entered into by the company that result in physical delivery of products such as natural gas and refined products are required by IFRS 9 to be accounted for as derivative financial instruments. The company's counterparties in these transactions may, however, meet the IFRS 15 definition of a customer. Revenue recognized relating to such contracts when physical delivery occurs is, therefore, measured at the contractual transaction price and presented together with revenue from contracts with customers. Changes in the fair value of derivative assets and liabilities prior to physical delivery are excluded from revenue from contracts with customers and are classified as other operating revenues.

Where forward sale and purchase contracts for natural gas or power have been determined to be for short-term trading purposes, the associated sales and purchases are reported net within sales and other operating revenues whether or not physical delivery has occurred.

Revenue associated with the sale of natural gas liquids, LNG, petroleum and chemical products, natural gas forward sales / purchase contracts and sales / purchases of trading stock is included on a net basis in turnover.

All derivative sales / purchases of natural gas, power and emissions are included on a net basis in net trading gain / (loss).

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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

Interest income

Interest income is recognized as the interest accrues.

Dividend income

Dividend income from investments is recognized when the shareholders' right to receive the payment is established.

Finance costs

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.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

3. Turnover

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

	2024	2023
	£000	£000
Revenue from contracts with customers	5,852,770	8,167,780
Other operating revenues	221	109,548
Group gains / (loss) gain sharing arrangements	1,226,839	(1,765,411)
Held for trading gain	464,225	7,322,216
Turnover	7,544,055	13,834,133

An analysis of turnover by class of business is set out below:

	2024	2023
	£000	£000
Class of business:		
Gas & low carbon energy	7,510,233	12,442,998
Customers & products	33,822	1,391,135
Total	7,544,055	13,834,133

The country of origin and destination is substantially the UK geographic area.

4. Operating profit

This is stated after charging / (crediting):

	2024	2023
	£000	£000
Short-term lease expense[a]	102,984	49,237
Net foreign exchange loss / (gains)[a]	74,611	(51,856)
Amortization of intangible assets[b]	15,536	27,930
Depreciation of tangible assets[b]	1	—
Depreciation of right-of-use assets[b]	356,638	402,784
Impairment of investments*	—	9,383
(Profit) / loss on disposal of investments**	(61,983)	6,384
Expected loss allowance on financial assets measured at amortized cost[a]	—	979
Reversal of expected loss allowance on financial assets measured at amortized cost[a]	(1,981)	—

[a] Amount is included in administrative expenses.
[b] Amount is included in distribution and marketing expenses.

* In the previous financial year, a total impairment loss of £9,383,000 was recognized on the company's investments in subsidiaries, Bahía De Bizkaia Electricidad, S.L.. Further details are disclosed in Note 12 of these financial statements.

** During the financial year, this relates to the completion of the disposal of assets classified as held for sale. Further details are disclosed in Note 15. In the previous financial year, this pertained to the disposal of a subsidiary, Utilita Group Limited.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

5. Auditor's remuneration

	2024	2023
	£000	£000
Fees for the audit of the company's financial statements	139	122

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 BP Gas Marketing 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.

6. Interest receivable and similar income

	2024	2023
	£000	£000
Bank interest receivable	5,842	17,561
Interest income from amounts owed from group undertakings	525,437	522,273
Total interest receivable and similar income	531,279	539,834

7. Interest payable and similar expenses

	2024	2023
	£000	£000
Interest expense on:		
Lease liabilities	41,504	39,710
Overdrafts from group undertakings	152,175	111,221
Guarantee fees from group undertakings	21,391	17,932
Others	451	—
Total interest expense	215,521	168,863
Unwinding of discount on provisions - Note 21	623	(1,005)
Total interest payable and similar expenses	216,144	167,858

8. 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.

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8. Taxation (continued)

The company has no current or deferred tax charge or credit in the profit and loss account for the year.

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the financial year is lower than the standard rate of corporation tax in the UK of 25.0% for the year ended 31 December 2024 (2023 23.5%). The differences are reconciled below:

	2024	2023
	£000	£000
Profit before taxation	1,335,385	4,858,733
Tax charge	—	—
Effective tax rate	— %	— %

	2024	2023
	%	%
UK statutory corporation tax rate:	25.0	23.5
Increase / (decrease) resulting from:		
Non-deductible expenditure	0.1	—
Non-taxable income	(3.3)	—
Free group relief	(22.1)	(23.5)
Movements in unrecognised deferred tax	0.3	—
Effective tax rate	—	—

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. The company has not recognized a deferred tax asset at the balance sheet date.

(b) Provision for deferred tax

Deferred tax has not been recognised on deductible temporary differences relating to fixed assets of £92,118,156 (2023 £138,132,833), short-term timing differences of £1,095,198 (2023 £1,492,312) and tax losses of £338,189,371 (2023 £365,755,746) with no fixed expiry date on the basis that they are not expected to give rise to any future tax benefit.

9. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2023 £Nil).

(b) Employee costs

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

NOTES TO THE FINANCIAL STATEMENTS

10. Intangible assets

	Other intangibles
Cost	£000
At 1 January 2024	213,931
Additions	24,232
At 31 December 2024	238,163
Amortization	
At 1 January 2024	(150,913)
Charge for the year	(15,536)
At 31 December 2024	(166,449)
At 31 December 2024	71,714
At 31 December 2023	63,018

Included within intangible assets are costs capitalized in relation to computer software. These costs are amortized over the remaining useful life of three to five years.

11. Tangible assets

	Corporate & other	Transportation	Total
	£000	£000	£000
Cost - owned tangible assets			
At 1 January 2024	18,117	—	18,117
At 31 December 2024	18,117	—	18,117
Depreciation - owned tangible assets			
At 1 January 2024	18,112	—	18,112
Charge for the year	1	—	1
At 31 December 2024	18,113	—	18,113
Owned tangible assets - net book value			
At 31 December 2024	4	—	4
Right-of-use assets - net book value			
At 31 December 2024	—	1,129,396	1,129,396
Owned tangible assets - net book value			
At 31 December 2023	5	—	5
Right-of-use assets - net book value			
At 31 December 2023	—	1,102,822	1,102,822

11. Tangible assets (continued)

	Corporate & other	Transportation	Total
	£000	£000	£000
Total tangible assets net book value			
31 December 2024	4	1,129,396	1,129,400
31 December 2023	5	1,102,822	1,102,827
Depreciation charge for the year on right-of-use assets			
2024	—	356,638	356,638
2023	—	402,784	402,784

12. Investments

	Investment in subsidiaries
	£000
Cost	
At 1 January 2023	291,485
Disposals	(24,917)
Reclassified as assets held for sale	(266,568)
At 31 December 2023	—
At 1 January 2024	—
At 31 December 2024	—
Impairment losses	
At 1 January 2023	(226,750)
Charge for the year	(9,383)
Reclassified as assets held for sale	236,133
At 31 December 2023	—
At 1 January 2024	—
At 31 December 2024	—
Net book amount	
At 31 December 2024	—
At 31 December 2023	—

The investment in subsidiaries is stated at cost less provision for impairment.

The investment in subsidiary was unlisted.

Disposals in previous year related to Utilita Group Limited of 24,916,873.

In the previous financial year, the company entered into an agreement to dispose a subsidiary, Bahía De Bizkaia Electricidad, S.L., the investment was subsequently reclassified as assets held for sale and presented separately on the balance sheet. Prior to the transfer, the net book value was written down to the agreed consideration to be received. Further details are disclosed in Note 15.

12. Investments (continued)

The company received dividends, net of withholding tax, of £114,136,000 from Bahía De Bizkaia Electricidad, S.L. in 2024 (2023 £98,080,000).

13. Stocks

	2024	2023
	£000	£000
Emission certificates	41,182	14,454
Natural gas	186,666	100,725
Supplies	36,148	29,207
Trading stocks	259,342	272,662
	523,338	417,048

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

Trading stock are valued using quoted benchmark bid prices adjusted as appropriate for location and quality differentials. They are predominantly categorized within level 2 of the fair value hierarchy.

The stock valuation at 31 December 2024 is stated net of a provision of £15,070,000 (2023 £11,670,000) to write stock down to their net realizable value. Excluding exchange differences, the net debit to the profit and loss account in the year in respect of stock net realizable value provisions was £3,636,000 (2023 net credit of £15,943,000).

14. Debtors

Amounts falling due within one year:

	2024	2023
	£000	£000
Trade debtors	1,174,728	1,568,519
Amounts owed from group undertakings	10,803,573	6,806,318
Amounts owed from related parties	3,857	—
Other debtors	5,986	63,822
Prepayments	3,523	3,159
Accrued income	4,334	—
	11,996,001	8,441,818

Amounts falling due after one year:

	2024	2023
	£000	£000
Other debtors	22,058	—
Prepayments	9,990	9,788
	32,048	9,788
Total debtors	12,028,049	8,451,606

Included in the amounts owed from group undertakings is Internal Funding Accounts (IFAs) of £10,054,090,000 receivable from BP International Limited (2023 £6,116,600,000).

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

14. Debtors (continued)

This balance forms a key part of the bp group's liquidity and funding arrangements under its centralized treasury funding model and it can be accessed by BP International Limited at short notice. Whilst IFA balances are legally repayable on demand, in practice they have no termination date.

Interest is accrued on a monthly basis mainly based on overnight SOFR/SONIA/EURIBOR plus 4 basis points.

Included within the other debtors falling due after one year is an interest-bearing working capital loan of £23,491,000 owed from an external party. The working capital loan was issued in May 2023 with interest being charged based on a SOFR plus 6 basis points,and is scheduled to mature in 2029.

The IFRS 9 expected credit loss carried forward was £2,696,000 (2023 £4,677,000).

Other than as mentioned above, trade and other receivables are predominantly non-interest bearing.

15. Asset classified as held for sale

The asset classified as held for sale is as follows:

	2024	2023
	£000	£000
Investment in subsidiary	—	30,435

In previous financial year, the asset classified as held for sale represents the net book value written down to the agreed consideration to be received for the disposal of the company's investment in Bahía De Bizkaia Electricidad, S.L.. During the year, the investment in subsidiary has been fully disposed with total consideration of £92,418,000.

16. Creditors

Amounts falling due within one year:

	2024	2023
	£000	£000
Trade creditors	1,455,087	2,702,878
Amounts owed to group undertakings	877,237	1,599,623
Amounts owed to related parties	130,515	—
Other creditors	386,298	210,026
Other taxes and social security costs	833	28,507
Accruals	85,421	90,478
Deferred income	347,066	350,890
	3,282,457	4,982,402

Amounts falling due after one year:

	2024	2023
	£000	£000
Amounts owed to group undertakings	148	148
Other creditors	17,824	5,711
	17,972	5,859
Total creditors	3,300,429	4,988,261

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16. Creditors (continued)

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

17. Obligations under leases

Obligations under leases are analysed as follows:

Within 5 years

	2024 Lease liabilities £000	2023 Lease liabilities £000
Due within		
1 year	392,943	385,141
1 to 2 years	283,990	326,807
2 to 5 years	438,687	370,842
	1,115,620	1,082,790

After 5 years

	2024 Lease liabilities £000	2023 Lease liabilities £000
Not wholly repayable	50,990	75,051

18. Leases

The company leases a number of assets as part of its activities. This primarily includes vessel charters across the bp group. Time charters are typically negotiated for an average initial fixed term of 4 years. Certain leases contain options to extend the lease period at the company's discretion. The payments for these future periods are only included in the measurement of the lease liability and right-of-use assets if it is reasonably certain for the company to exercise the option.

The total undiscounted amount for future commitments for leases not yet commenced as at 31 December 2024 is £Nil (2023 £145,910,000).

	2024 £000	2023 £000
Short-term lease expense[a]	102,984	49,237
Additions to right-of-use assets in the period	133,024	241,655
Total cash outflow for amounts included in lease liabilities[b]	416,809	415,685

[a]A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less.

[b] The cash outflows for amounts not included in lease liabilities approximate the profit and loss expenses disclosed above.

An analysis of right-of-use assets and depreciation is provided in Note 11. An analysis of lease interest expense is provided in Note 7.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

19. Financial instruments and financial risk factors

Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The following table shows the gross amounts of recognized financial assets and liabilities which are subject to offsetting arrangements on a gross basis, and the amounts offset in the balance sheet.

Amounts which cannot be offset under IFRS, but which could be settled net under the terms of master netting agreements if certain conditions arise, and collateral received or pledged, are also presented in the table to show the total net exposure of the company. The amounts owed from group undertakings under IFAs are subject to netting.

				Related amounts not set off in the balance sheet		
	Gross amounts of recognized financial assets / (liabilities)	Amounts set off	Net amounts presented on the balance sheet	Master netting arrangements	Cash collateral (received) pledged	Net amount
At 31 December 2024	£000	£000	£000	£000	£000	£000
Derivative assets	2,746,170	(921,729)	1,824,441	(267)	(60,360)	1,763,814
Derivative liabilities	(2,690,588)	921,729	(1,768,859)	267	—	(1,768,592)
Debtors	13,029,173	(1,014,637)	12,014,536	(4,749)	(61,241)	11,948,546
Creditors	(4,314,233)	1,014,637	(3,299,596)	4,749	—	(3,294,847)
At 31 December 2023						
Derivative assets	8,808,031	(1,249,760)	7,558,271	1,769	(37,541)	7,522,499
Derivative liabilities	(3,663,059)	1,249,760	(2,413,299)	(1,769)	—	(2,415,068)
Debtors	9,759,589	(1,307,983)	8,451,606	3,607	(30,807)	8,424,406
Creditors	(6,296,244)	1,307,983	(4,988,261)	(3,607)	—	(4,991,868)

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

20. 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 commodity prices, foreign currency exchange rates and interest rates consistent with risk management policies and objectives.

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

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

Exchange traded derivatives are valued using closing prices provided by the exchange as at the balance sheet date. These derivatives are categorized within level 1 of the fair value hierarchy.

Over-the-counter (OTC) financial swaps and physical commodity sale and purchase contracts are generally valued using readily available information in the public markets and quotations provided by brokers and price index developers. These quotes are corroborated with market data and are categorized within level 2 of the fair value hierarchy.

In certain less liquid markets, or for longer-term contracts, forward prices are not as readily available. In these circumstances, OTC financial swaps and physical commodity sale and purchase contracts are valued using internally developed methodologies that consider historical relationships between various commodities, and that result in management's best estimate of fair value. These contracts are categorized within level 3 of the fair value hierarchy.

Financial OTC and physical commodity options are valued using industry standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and contractual prices for the underlying instruments, as well as other relevant economic factors. The degree to which these inputs are observable in the forward markets determines whether the option is categorized within level 2 or level 3 of the fair value hierarchy.

Derivatives held for trading

The company maintains active trading positions in a variety of derivatives. The contracts may be entered into for risk management purposes, to satisfy supply requirements or for entrepreneurial trading. Certain contracts are classified as held for trading, regardless of their original business objective, and are recognized at fair value with changes in fair value recognized in the profit and loss account. Trading activities are undertaken by using a range of contract types in combination to create incremental gains by the arbitraging process between markets, locations and time periods. The net of these exposures is monitored using market value-at-risk techniques.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

20. Derivatives and other financial instruments (continued)

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	22,417	(1,660)	22,541	(193,825)
- Natural gas price derivatives	919,585	(950,797)	6,242,287	(1,127,034)
- Power and emission price derivatives	882,439	(816,402)	1,293,443	(1,092,440)
	1,824,441	(1,768,859)	7,558,271	(2,413,299)
Of which:				
– current derivatives with third parties	847,287	(827,672)	6,029,389	(941,162)
– current intercompany derivatives with group undertakings	256,996	(176,038)	486,468	(743,083)
– non-current derivatives with third parties	482,162	(604,103)	898,306	(469,553)
– non-current intercompany derivatives with group undertakings	237,996	(161,046)	144,108	(259,501)
	1,824,441	(1,768,859)	7,558,271	(2,413,299)

Derivatives held for trading

The company maintains active trading positions in a variety of derivatives. The contracts may be entered into for risk management purposes, to satisfy supply requirements or for entrepreneurial trading. Certain contracts are classified as held for trading, regardless of their original business objective, and are recognized at fair value with changes in fair value recognized in the profit and loss account. Trading activities are undertaken by using a range of contract types in combination to create incremental gains by the arbitraging process between markets, locations and time periods. The net of these exposures is monitored using market value-at-risk techniques.

Derivative assets held for trading have the following fair values and maturities.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

20. Derivatives and other financial instruments (continued)

2024	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	£000	£000	£000	£000	£000	£000	£000
Currency derivatives	22,417	—	—	—	—	—	22,417
Natural gas price derivatives	820,832	88,090	10,225	438	—	—	919,585
Power and emission price derivatives	261,034	113,453	89,269	79,382	76,710	262,591	882,439
	1,104,283	201,543	99,494	79,820	76,710	262,591	1,824,441

2023	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	£000	£000	£000	£000	£000	£000	£000
Currency derivatives	22,527	14	—	—	—	—	22,541
Natural gas price derivatives	5,775,610	447,816	18,571	290	—	—	6,242,287
Power and emission price derivatives	717,720	142,994	77,870	65,552	57,017	232,290	1,293,443
	6,515,857	590,824	96,441	65,842	57,017	232,290	7,558,271

Derivative liabilities held for trading have the following fair values and maturities.

2024	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	£000	£000	£000	£000	£000	£000	£000
Currency derivatives	(1,495)	(108)	(57)	—	—	—	(1,660)
Natural gas price derivatives	(791,576)	(145,162)	(13,375)	(684)	—	—	(950,797)
Power and emission price derivatives	(210,639)	(108,207)	(85,857)	(77,877)	(76,692)	(257,130)	(816,402)
	(1,003,710)	(253,477)	(99,289)	(78,561)	(76,692)	(257,130)	(1,768,859)

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

20. Derivatives and other financial instruments (continued)

2023	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	£000	£000	£000	£000	£000	£000	£000
Currency derivatives	(193,665)	(115)	(25)	(20)	—	—	(193,825)
Natural gas price derivatives	(1,021,798)	(98,200)	(5,904)	(1,132)	—	—	(1,127,034)
Power and emission price derivatives	(468,782)	(139,027)	(81,962)	(74,690)	(65,495)	(262,484)	(1,092,440)
	(1,684,245)	(237,342)	(87,891)	(75,842)	(65,495)	(262,484)	(2,413,299)

The following table shows the fair value of derivative assets and liabilities held for trading, analysed by maturity period and by methodology of fair value estimation. This information is presented on a gross basis, that is, before netting by counterparty.

2024	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	£000	£000	£000	£000	£000	£000	£000
Fair value of derivative assets							
Level 2	1,804,763	187,982	25,671	888	—	—	2,019,304
Level 3	108,903	102,196	88,038	84,444	80,694	262,591	726,866
	1,913,666	290,178	113,709	85,332	80,694	262,591	2,746,170
Less: netting by counterparty	(809,383)	(88,634)	(14,215)	(5,513)	(3,984)	—	(921,729)
	1,104,283	201,544	99,494	79,819	76,710	262,591	1,824,441
Fair value of derivative liabilities							
Level 2	(1,702,947)	(250,226)	(30,248)	(1,331)	—	—	(1,984,752)
Level 3	(110,146)	(91,884)	(83,256)	(82,743)	(80,677)	(257,130)	(705,836)
	(1,813,093)	(342,110)	(113,504)	(84,074)	(80,677)	(257,130)	(2,690,588)
Less: netting by counterparty	809,383	88,634	14,215	5,513	3,984	—	921,729
	(1,003,710)	(253,476)	(99,289)	(78,561)	(76,693)	(257,130)	(1,768,859)
Net fair value	100,573	(51,932)	205	1,258	17	5,461	55,582

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Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

20. Derivatives and other financial instruments (continued)

2023	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	£000	£000	£000	£000	£000	£000	£000
Fair value of derivative assets							
Level 2	7,538,445	588,017	26,563	3,850	—	—	8,156,875
Level 3	141,568	86,614	71,671	61,996	57,017	232,290	651,156
	7,680,013	674,631	98,234	65,846	57,017	232,290	8,808,031
Less: netting by counterparty	(1,164,156)	(83,808)	(1,792)	(4)	—	—	(1,249,760)
	6,515,857	590,823	96,442	65,842	57,017	232,290	7,558,271
Fair value of derivative liabilities							
Level 2	(2,753,035)	(226,737)	(15,741)	(8,036)	—	—	(3,003,549)
Level 3	(95,366)	(94,413)	(73,941)	(67,810)	(65,495)	(262,485)	(659,510)
	(2,848,401)	(321,150)	(89,682)	(75,846)	(65,495)	(262,485)	(3,663,059)
Less: netting by counterparty	1,164,156	83,808	1,792	4	—	—	1,249,760
	(1,684,245)	(237,342)	(87,890)	(75,842)	(65,495)	(262,485)	(2,413,299)
Net fair value	4,831,612	353,481	8,552	(10,000)	(8,478)	(30,195)	5,144,972

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20. Derivatives and other financial instruments (continued)

Level 3 derivatives

The following table shows the changes during the year in the net fair value of derivatives held for trading purposes within level 3 of the fair value hierarchy.

	Total
	£000
Net fair value of contracts as at 1 January 2024	(8,354)
Gains recognized in the profit and loss account	51,506
Settlements	(22,122)
Net fair value of contracts as at 31 December 2024	21,030

	Total
	£000
Net fair value of contracts as at 1 January 2023	439,269
Losses recognized in the profit and loss account	(418,109)
Settlements	(29,514)
Net fair value of contracts as at 31 December 2023	(8,354)

Derivative gains and losses

Gains and losses on derivative contracts are included within 'Turnover' in the profit and loss account. The total amount relating to these derivative contracts was a net gain of £464,225,000 (2023 net gain of £7,322,216,000).

Gains and losses relating to derivative contracts are included within Turnover in the profit and loss account depending upon the nature of the activity and type of contract involved. The contract types treated in this way include futures, options, swaps and certain forward sales and forward purchases contracts, and relate to both currency and commodity trading activities. Gains or losses arise on contracts entered into for risk management purposes, optimisation activity and entrepreneurial trading. They also arise on certain contracts that are for normal procurement or sales activity for the group but that are required to be fair valued under accounting standards. Also included within sales and other operating revenues are gains and losses on inventory held for trading purposes.

The total amount relating to all these items (excluding gains and losses on realized physical derivative contracts that have been reflected gross in the profit and loss account within Turnover) was a net loss of £2,098,871,000 (2023 net gain of £7,466,558,000). This number does not include gains and losses on realized physical derivative contracts that have been reflected gross in the profit and loss account within sales and purchases or the change in value of transportation and storage contracts, but does include the associated financially settled contracts. The net amount for actual gains and losses relating to derivative contracts and all related items therefore may differ significantly from the amount disclosed above.

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

21. Provisions

	Total
	£000
At 1 January 2024	56,494
Exchange adjustments	(1,092)
Write-back of unused provisions	(8,885)
Unwinding of discount	623
Change in discount rate	(2,473)
Utilization	(6,998)
At 31 December 2024	37,669

The balance relates to two onerous contracts, split between a gas storage contract and a pipeline capacity contract.

The decrease of £18,825,000 during the year is driven by movement in both the intrinsic and extrinsic values and coupled with changes to discounting and foreign exchange movements.

For the accounting policy on provisions, see Note 2.

22. Called up share capital

	2024	2023
	£000	£000
Issued and fully paid:		
1,165,000,000 ordinary shares of £1 each for a total nominal value of £1,165,000,000	1,165,000	1,165,000

On 2 September 2024, the company's ownership was transferred from BP Exploration Operating Company Limited to BP International Limited.

23. 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.

Foreign currency translation reserve
The foreign currency translation reserve is used to record the currency fluctuations in relation to the foreign operations.

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

On 20 December 2024, the company paid interim ordinary dividends of £1,300,000,000 (2023 £5,000,000,000). The dividend per share was £1.12 (2023 £4.29).

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Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

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.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

Related party	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
	£000	£000	£000	£000
Aker BP ASA				
Related parties				
Exploration				
2024	1,544	981,385	3,857	130,515
2023	—	—	—	99,101
Angola LNG Limited				
Related parties				
Product and operations				
2024	—	161,755	—	—
2023	—	—	—	—
Atlantic LNG Company of Trinidad and Tobago				
Related parties				
Product and operations				
2024	383	508	—	—
2023	—	—	—	—
Atlantic 2/3 Holdings LLC				
Related parties				
Gas and Low Carbon				
2024	—	—	—	—
2023	—	—	1,737	25,588
Bahia de Bizkaia Electridad				
Subsidiary (disposal during the year)				
Gas				
2024	—	—	—	—
2023	—	46,020	—	—
BP Trinidad and Tobago LLC				
Group undertakings				
Gas				
2024	15,204	—	15,311	—
2023	3,187	—	12,997	—

DTT

Docusign Envelope ID: F68FCBD8-7A2A-46C1-8D69-FA48D219FA0E

25. Comparative figures

Certain reclassifications have been made within other operating income and loss on disposal of fixed assets in the prior year profit and loss to align with the current period presentation. These changes are considered immaterial and have no impact on retained earnings or net assets.

26. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP International 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, United Kingdom.