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BP EXPLORATION (CASPIAN SEA) LIMITED

(Registered No.00404347)

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

Board of directors: J S Freeman
R G Jones
T L Juliussen

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

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

STRATEGIC REPORT

Principal activities

The company is engaged in the exploration and exploitation of oil and natural gas. It also provides services to other Production Sharing Agreements ("PSAs") and Host Government Agreements ("HGAs") in Azerbaijan.

The company is a participant in a PSA for the Azeri, Chirag and Deepwater Gunashli fields ("ACG") in Azerbaijan and it acts as the operator of this undertaking on behalf of partners. The PSA extension agreement was signed on 14 September 2017. The contract was ratified by the Parliament (Milli Majlis) of the Republic of Azerbaijan on 31 October 2017.

In April 2019, ACG PSA partners announced the sanctioning of the Azeri Central East ("ACE") project, the next stage of development of the ACG field. The $6 billion development includes a new offshore platform and facilities designed to process up to 100,000 barrels of oil per day. The project achieved first production in April 2024 and is expected to produce up to 300 million barrels over its lifetime.

By the end of 2024, ACE production had increased to around 26,000 barrels per day, with two more wells brought online during the year.

bp together with ACG partners continued the engagement with the State Oil Company of Azerbaijan Republic ("SOCAR") evaluating opportunities to develop ACG Non Associated Gas ("NAG") project that assumes accessing non-associated gas resources that are currently outside of the coverage of ACG PSA. The non-associated natural gas resources of NAG are believed to be significant, with up to 4 trillion cubic feet (tcf) in place.

The parties agreed a commercialization path that envisages agreeing key commercial principles followed by fully termed commercial agreements (PSA regime, Gas Sales Agreements ("GSAs")). The project is expected to be sanctioned in phases and Final Investment Decision ("FID") for the phase I (Initial Producer - "IP") was officially announced in September 2024. IP well production is expected by the end of 2025.

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Principal activities (continued)

In 2024, a new 4-dimensional (4D) high-definition ocean bottom node seismic programme was launched on ACG. The programme, which focuses on the Balakhany and Fasila reservoirs, covers an area of 740 square kilometres under source and 507 square kilometres under receivers, with a total cost of around $370 million and a duration of five years (2024-2028). This is the largest-ever seismic acquisition commitment made by bp globally by all its aspects – area size, cost and programme duration. The seismic acquisition scope planned for 2024 was completed safely and ahead of schedule with the seismic processing of the acquired data currently ongoing.

In 2024, ACG produced on average 342 thousand barrels per day (gross) (about 125 million barrels or 16 million tonnes in total) from the Chirag, Central Azeri ("CA"), West Azeri ("WA"), East Azeri ("EA"), Deepwater Gunashli ("DWG"), West Chirag ("WCH") and Azeri Central East ("ACE") platforms. In 2023, ACG produced on average 363 thousand barrels per day (gross) (about 133 million barrels or 18 million tonnes in total).

In 2024, ACG delivered an average of 7 (2023 5.5) million cubic metres per day of ACG associated gas to SOCAR (2.5 billion cubic metres in total, 2023 2 billion cubic metres in total).

At the end of the year, a total of 148 oil wells were producing, while 53 wells were used for injection in the ACG field (2023: 137 producing wells, 53 injection wells). In 2024, ACG delivered 14 oil producer wells and 5 injection wells (2023 8 oil producer wells, 7 injection wells).

Results

The profit for the year after taxation was $358,444,000 which, when added to the retained profit brought forward at 1 January 2024 of $2,229,589,000 and after deducting total paid interim dividends to ordinary shareholders of $600,000,000 gives a total retained profit carried forward at 31 December 2024 of $1,988,033,000.

Review of the business

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

	2024	2023	Variance
	$000	$000	%
Turnover	1,213,516	1,343,958	(10)
Operating profit / (loss)	548,838	(165,953)	(431)
Profit / (loss) for the financial year	358,444	(204,451)	(275)
Total equity	3,053,993	3,295,628	(7)

	2024	2023	Variance
Quick ratio*	91 %	133 %	(42)%
Return on average capital employed**	21 %	(7)%	28 %
Gross profit percentage***	21 %	27 %	(6)%

Turnover decrease for the year is driven by average $3 decrease in oil price and 1m barrels decrease in lifted volumes versus 2023.

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Review of the business (continued)

Change in operating profit / (loss) and profit / (loss) for the financial year is mainly driven by the reversal of impairment of tangible assets and the decrease in turnover slightly offset by the decrease in cost of sales. $280,582,000 out of $545,932,000 impairment charge was reversed in 2024 as a result of the development in the ACG reserves.

*Quick ratio is defined as current assets (excluding stocks and debtors falling due after one year) divided by current liabilities.

The decrease in quick ratio is mainly due to lower bank balance in 2024 as a result of dividend payment for the year partly offset by decrease in central charge payables.

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

The increase in return on average capital employed is mainly driven by higher operating profit due to impairment reversal of tangible assets.

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

Decrease in gross profit percentage ratio is mainly due to reduction in oil sales turnover due to price and volume decrease.

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

	2024	2023	Variance
Diversity and inclusion	35 %	34 %	1 %
Employee engagement	70 %	73 %	(3)%

The key non-financial performance indicators disclosed above are the extract from bp Annual Report and Form 20-F group results.

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.

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Section 172 (1) statement (continued)

Section 172 factor*(s)*	
(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 directors of the company engage with employees and keep them informed on matters of concern to them. The directors of the company acknowledge the key interests of the employees, which include job security and career development, when making decisions. This includes reviewing the key performance indicators on employee engagement measured by employee 'Pulse' surveys'. Employees are kept informed on matters of concern to them as bp employees through the intranet, town halls, site visits and relevant webinars. Employee share ownership is encouraged and there are a number of employee share plans in place at bp group level to which employees of the company can participate in. For example, the bp group operates a ShareMatch plan in more than 50 countries, matching BP p.l.c. shares purchased by employees. The bp group continued to use its learning platform, Grow@bp to enable employees to take ownership of their career and develop skills both for their current roles and future options as bp evolves. The platform serves as a one-stop shop for all learning resources, including access to external platforms, enabling employees to build new skills or enhance existing capabilities. A significant number of employees actively engaged with skill ratings to identify development areas and selected focus skills, allowing growth based on their development needs. Most leaders refreshed their knowledge in key leadership areas, particularly psychological safety, decision-making, and balancing performance with care. The leadership offer also empowered employees at all levels to strengthen core leadership capabilities such as goal setting, relationship building, and delivering effective feedback.

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Section 172 (1) statement (continued)

(c) – The need to foster the company's business relationships with suppliers, customers and others	During 2024, the directors of the company reiterated their focus on engaging and fostering relationships with suppliers and customers. Their actions were aligned with bp's Code of Conduct and 'Who we are' beliefs. Furthermore, the board reviewed and considered the company's prompt payment reporting performance and disclosed its practices in respect of the same on a bi-annual basis.
(d) – The impact of the company's operations on the community and the environment	The directors of the company are committed to the bp group's sustainability frame which includes 5 aims to get bp to net zero and help the world get there.
(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:

Stakeholder*(s)*	
Government/Regulators	The company recognizes the need to create valued relationships with the government and regulators, such as Government of the Republic of Azerbaijan, and SOCAR centred around ethics and transparency, and the need to discuss relevant regulations and guidance where necessary. The board is provided with regular business updates on changes in regulation and/or legislation impacting the company and is committed to keeping the governments and regulators informed of any significant changes to the company through regular external correspondence.
Media	The company recognises the importance of media engagement for transparency and creating a relationship of mutual trust with key stakeholders, and is committed to providing regular business updates through press conferences, interviews, articles and other external publications.
Joint Venture partners	The board is committed to creating valued relationships and facilitating new relationships with its joint venture partners through relationship mapping, monthly and quarterly project updates, management committee meetings, and through external correspondence.

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:

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The company's principal decisions (continued)

Principal decision	Relevant factors taken into account during decision making process
Approval and payment of a dividend/interim dividend	In March 2024, the directors considered the impact of such a decision on the long-term prospects of the company, as well as considering the financial position of the company to ensure that it has the sufficient distributable reserves at the time of the interim dividend.
Approval and payment of a dividend/interim dividend	In December 2024, the directors considered the impact of such a decision on the long-term prospects of the company, as well as considering the financial position of the company to ensure that it has the sufficient distributable reserves at the time of the interim dividend.

Principal risks and uncertainties

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

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

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 subject to fluctuating prices of oil and gas, technological change, climate policies and regulations, exchange rate fluctuations and the general macroeconomic outlook. Oil and gas 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, 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).

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Strategic and commercial risks (continued)

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.

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

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

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

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

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

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

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

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Strategic and commercial risks (continued)

Digital infrastructure, cyber security and data protection

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

Climate change and the transition to a lower carbon economy

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

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

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.

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.

Talent and capability

The sectors in which the bp group operates face increasing challenges to attract and retain diverse, skilled and capable talent. An inability to successfully recruit, develop and retain core skills and capabilities and to reskill existing talent could negatively impact delivery of our strategy.

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Strategic and commercial risks (continued)

Crisis management and business continuity

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

Insurance

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

Safety and operational risks

Process safety, personal safety and environmental risks

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

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

Drilling and production

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

Security

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

Product quality

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

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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.

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:
Jaqueline Freeman
178DA6629ABF403...
J S Freeman
Director

September 12, 2025

Registered Office:

Chertsey Road
Sunbury on Thames
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DIRECTORS' REPORT

BP EXPLORATION (CASPIAN SEA) 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 $600,000,000 (2023 $Nil). 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.

Post balance sheet event

There is no post balance sheet event at the reporting date for the company.

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

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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.

BP Exploration (Caspian Sea) Limited is engaged in the production and selling of oil within the bp group.

The company is a party to ACG PSA in the Azerbaijan sector of the Caspian Sea, with a participating interest of 30.37%.

BP Exploration (Caspian Sea) Limited is self-sufficient and generates cash independently. The company is a wholly owned affiliate of BP p.l.c. and can request funds from BP International Limited if required.

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

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

Future developments

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

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

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

Research and development

The company has engaged in research and development activities throughout the year, amounting to $4 million (2023 $3 million) which is a share towards bp group's centralised research and development costs.

Disabled employees

The company gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Stakeholder statements

Employee engagement statement

The directors of the company recognize that employees are vital to the long-term success of the company and engage with employees, and keep them informed on matters of concern to them. The company's section 172(1) statement in the Strategic Report demonstrates how the directors have engaged with employees throughout the year, and how the directors of the company have had regard to their interests when making decisions.

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

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

Streamlined Energy & Carbon Reporting (SECR)

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

Corporate Governance Statement

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

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

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.
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.

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DIRECTORS' REPORT

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:
Jaqueline Freeman
178DA6629ABF403...
J S Freeman
Director
September 12, 2025

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BP EXPLORATION (CASPIAN SEA) 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BP EXPLORATION (CASPIAN SEA) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BP Exploration (Caspian Sea) Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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.

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.

INDEPENDENT AUDITOR'S REPORT

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, pensions legislation 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 regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified a significant audit risk that revenue could be materially overstated, due to potential fraud, in the event that the transactions recorded did not actually occur. We performed substantive audit procedures to test all revenue transactions recorded by tracing volumes and prices to third-party external reports, comparatively analyzed sales price per barrel with the brent crude market price, performed analytical review of the annual liftings with the bp net yearly export nomination by considering under-lifted volumes during the year.

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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.

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.

DocuSigned by:
Anthony Matthews
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Anthony Matthews FCA
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
September 12, 2025

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

BP EXPLORATION (CASPIAN SEA) LIMITED

	Note	2024 $000	2023 $000
Turnover	3	1,213,516	1,343,958
Cost of sales		(958,339)	(980,084)
Gross profit		**255,177**	**363,874**
Exploration expenses		(2,035)	(1,069)
Administrative expenses		(37,450)	(35,352)
Other operating income		52,564	52,526
Impairment of tangible assets	11	—	(545,932)
Reversal of impairment of tangible assets	11	280,582	—
Operating profit / (loss)	4	**548,838**	**(165,953)**
Interest receivable and similar income	6	19,584	25,098
Interest payable and similar expenses	7	(64,640)	(57,423)
Profit / (loss) before taxation		**503,782**	**(198,278)**
Tax on profit / (loss)	8	(145,338)	(6,173)
Profit / (loss) for the financial year		**358,444**	**(204,451)**

The profit of $358,444,000 for the year ended 31 December 2024 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

BP EXPLORATION (CASPIAN SEA) LIMITED

	2024 $000	2023 $000
Profit / (loss) for the year	358,444	(204,451)
Items that may be reclassified subsequently to profit or loss		
Re-measurements of the net pension and other post-retirement benefit	(79)	(145)
Other comprehensive loss for the year net of tax	(79)	(145)
Total comprehensive income for the year	**358,365**	**(204,596)**

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BALANCE SHEET

AS AT 31 DECEMBER 2024

BP EXPLORATION (CASPIAN SEA) LIMITED

(Registered No.00404347)

	Note	2024 $000	2023 $000
Fixed assets			
Intangible assets	10	14,309	14,288
Tangible assets	11	4,421,372	4,454,482
Investments		8	8
		4,435,689	**4,468,778**
Current assets			
Stocks	12	78,553	74,719
Debtors	13	363,295	804,244
Debtors – amounts falling due:			
within one year	13	251,983	643,010
after one year	13	111,312	161,234
Cash at bank and in hand		447,234	461,009
		889,082	1,339,972
Creditors: amounts falling due within one year	14	(767,445)	(831,843)
Lease liabilities		(95,193)	(112,668)
Net current assets		**26,444**	**395,461**
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,462,133**	**4,864,239**
Creditors: amounts falling due after more than one year	14	(163)	(173,724)
Lease liabilities		(136,003)	(211,009)
Deferred tax liability	8	(380,897)	(311,772)
Other provisions	17	(890,636)	(871,780)
Defined benefit pension plan deficits		(441)	(326)
NET ASSETS		**3,053,993**	**3,295,628**
Capital and reserves			
Called up share capital	18	4,969	4,969
Share premium account	19	1,000,000	1,000,000
Other reserves		60,991	61,070
Profit and loss account	19	1,988,033	2,229,589
TOTAL EQUITY		**3,053,993**	**3,295,628**

The financial statements were approved by the board of directors and authorized for issue on 10 September 2025 and were signed on its behalf by:

Signed by:
Jaqueline Freeman
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J S Freeman
Director

September 12, 2025

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

BP EXPLORATION (CASPIAN SEA) LIMITED

	Called up share capital (Note 18)	Share premium account (Note 19)	Other reserves	Profit and loss account (Note 19)	Total
	$000	$000	$000	$000	$000
Balance at 1 January 2023	**4,969**	**1,000,000**	**61,215**	**2,434,040**	**3,500,224**
Loss for the financial year	—	—	—	(204,451)	(204,451)
Other comprehensive loss for the year	—	—	(145)	—	(145)
Total comprehensive income for the year	**—**	**—**	**(145)**	**(204,451)**	**(204,596)**
Balance at 31 December 2023	**4,969**	**1,000,000**	**61,070**	**2,229,589**	**3,295,628**
Balance at 1 January 2024	**4,969**	**1,000,000**	**61,070**	**2,229,589**	**3,295,628**
Profit for the year	—	—	—	358,444	358,444
Other comprehensive loss for the year	—	—	(79)	—	(79)
Total comprehensive income for the year	**—**	**—**	**(79)**	**358,444**	**358,365**
Dividends paid	—	—	—	(600,000)	(600,000)
Balance at 31 December 2024	**4,969**	**1,000,000**	**60,991**	**1,988,033**	**3,053,993**

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

The financial statements of BP Exploration (Caspian Sea) Limited for the year ended 31 December 2024 were approved by the board of directors on 10 September 2025 and the balance sheet was signed on the board's behalf by J S Freeman. BP Exploration (Caspian Sea) Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 00404347) 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. 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 23 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 118(e) of IAS 38 Intangible Assets
(c) the requirements of IAS 7 Statement of Cash Flows (excluding paragraphs 1 to 44E, 44H(b)(ii) and 45 to 63 which are not applicable);
(d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
(e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;

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

Basis of preparation (continued)

(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 paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
(i) 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;
(j) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
(k) 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;
(l) the requirements of paragraphs 88C and 88D of IAS 12 Income Taxes.

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 23.

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

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

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

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

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

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

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

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

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

Impairment of tangible assets

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

The bp group's investment appraisal process includes a carbon emissions price series for the investment economics which is applied to bp's anticipated share of bp's forecast of the investment assets' scope 1 and 2 GHG emissions where they exceed defined thresholds, and is assumed to apply whether or not bp is the asset operator. However, for value in use impairment testing on bp's existing cash generating units (CGUs), consistent with all other relevant cash flows estimated, bp is required to reflect management's best estimate of any expected applicable carbon emission costs payable by bp, including where bp is not the operator, in the future for each jurisdiction in which the company has interests. This requires management's best estimate of how future changes to relevant carbon emission cost policies and/or legislation are likely to affect the future cash flows of the company's applicable CGUs, whether currently enacted or not. Future potential carbon pricing and/or costs of carbon emissions allowances are included in the value in use calculations to the extent management has sufficient information to make such an estimate.

Currently this results in limited application of carbon price assumptions in value in use impairment tests given that carbon pricing legislation in most impacted jurisdictions where the company has interests is not in place and there is not sufficient information available as to the relevant policy makers' future intentions regarding carbon pricing to support an estimate. A key input into the determination of impairment is the assumption, aligned with bp's aim to reach net zero greenhouse gas emissions by 2050 or sooner, that the current recognized portfolio of oil and gas properties and refining assets will have an immaterial carrying value by 2050.

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

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

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

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

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

However, the significant majority of the company's tangible assets is likely to be fully depreciated by the end of PSA and as outlined in bp's strategy, oil production will remain an important part of bp's business activities over that period.

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

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

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

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

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

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

Discount rate assumptions

The discount rates used for impairment sensitivity testing and provisions were reassessed during the year in light of changing economic and geopolitical outlooks. The pre-tax impairment discount rate applicable to assets remained consistent with 2023 although NAG asset applied the post-tax impairment discount rate being in tax on behalf regime. See significant judgements and estimates: recoverability of asset carrying values and provisions for further information.

Material accounting policy information

Going concern

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

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

BP Exploration (Caspian Sea) Limited is engaged in the production and selling of oil within the bp group.

The company is a party to ACG PSA in the Azerbaijan sector of the Caspian Sea, with a participating interest of 30.37%.

BP Exploration (Caspian Sea) Limited is self-sufficient and generates cash independently. The company is a wholly owned affiliate of BP p.l.c. and can request funds from BP International Limited if required.

In assessing the prospects of BP Exploration (Caspian Sea) 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.

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

Material accounting policy information (continued)

Going concern (continued)

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

Foreign currency

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

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

Tangible assets

Tangible assets owned by the company are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, 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.

Exchanges of assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. The gain or loss on derecognition of the asset given up is recognized in profit or loss.

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.

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

Material accounting policy information (continued)

Tangible assets (continued)

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

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

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

Land and buildings	42 years
Plant and machinery	4 years
Pipelines	28 years
Fixtures and fittings	4 years

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 the company's assumptions about discount rates, changes in commodity prices, evidence of physical damage or, for oil and gas assets, significant downward revisions of estimated reserves or increases in estimated future development expenditure or decommissioning costs. If any such indication of impairment exists, the company makes an estimate of the asset's or CGU's recoverable amount. Individual assets are grouped into CGUs for impairment assessment purposes at the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. If it is probable that the value of the CGU will be primarily recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

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

Material accounting policy information (continued)

Impairment of intangible and tangible assets (continued)

The business segment plans, which are approved on an annual basis by senior management, are the primary source of information for the determination of value in use. They contain forecasts for oil production, power generation, 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 and the test is performed on a post-tax basis.

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

Significant judgements and estimates: recoverability of asset carrying values

Determination as to whether, and by how much, an asset or CGU is impaired involves management estimates. For this company, the oil price forecast, discount rate, and production profiles based on reserves that the impairment valuation is most sensitive to, are considered to be key estimates for the entity's single ACG CGU. Operating and capital expenses and outlook for global or regional market supply–and–demand conditions for crude oil and refined products are all considered to be other, but not key, estimates.

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

The estimates for assumptions made in impairment sensitivity tests in 2024 relating to discount rates, oil and gas properties and prices are discussed below.

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

Material accounting policy information (continued)

Impairment of intangible and tangible assets (continued)

Discount rates

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

The discount rates applied in impairment tests are reassessed each year and in 2024 the pre-tax discount rate used by the company was 11% (2023 11%) other than for NAG assets for which the company used a post-tax discount rate of 8% (2023 n/a).

Oil properties

For oil properties, the expected future cash flows are estimated using management's best estimate of future oil prices, production and reserves volumes which are the key estimates for this entity.

In 2024, the company identified oil properties relating to the entity's single ACG CGU with carrying amounts totalling $4.7 billion (2023 $5.3 billion) where the headroom, as at the dates of the last impairment sensitivity test performed on those assets at 31 December 2024, was present and as the net book value of the assets were lower than value in use, the company reversed $281 million out of $546 million total impairment charge recognized in 2023 in its financial statements.

Information on the carrying amounts of the company's oil properties, together with the amounts recognized as depreciation, depletion and amortization is contained in Note 11.

Oil prices

The price assumptions used for value in use impairment testing are based on those used for investment appraisal. bp's carbon emissions cost assumptions and their interrelationship with oil and gas prices are described in 'Judgements and estimates made in assessing the impact of climate change and the transition to a lower carbon economy' on page 26. The investment appraisal price assumptions are recommended by the senior vice president economic & energy insights after considering a range of external price sets, and supply and demand profiles associated with various energy transition scenarios. They are reviewed and approved by management. As a result of the current uncertainty over the pace of transition to lower-carbon supply and demand and the social, political and environmental actions that will be taken to meet the goals of the Paris climate change agreement, the scenarios considered include those where those goals are met as well as those where they are not met.

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

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

Material accounting policy information (continued)

Impairment of intangible and tangible assets (continued)

2024 price assumptions		2025	2030	2040	2050
Brent oil ($/bbl)		70	70	63	50

2023 price assumptions	2024	2025	2030	2040	2050
Brent oil ($/bbl)	71	71	71	59	46

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

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

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

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

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

Management tested the impact of changes in net revenue cash flows in value in use impairment testing under the following sensitivity analyses: an average decrease of 5.4% in prices and 10% in production in all years up to 2049; and an average 14.7% increase in prices in all years up to 2049.

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

Material accounting policy information (continued)

Impairment of intangible and tangible assets (continued)

Net revenue reductions of this magnitude in isolation could indicatively lead to a reduction in the carrying amount of the company's upstream oil properties in the range of $262-470 million of the net book value of tangible assets as at 31 December 2024. If this net revenue reduction was solely due to reductions in oil prices in isolation, it reflects an indicative decrease in the carrying amount of using price assumptions for Brent oil trending broadly towards the bottom of the range of prices associated with the World Business Council for Sustainable Development (WBCSD) 'family' of scenarios considered to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels.

Net revenue increases of this magnitude in isolation could indicatively lead to an increase in the carrying amount of the company's upstream oil and gas properties by $265 million of the associated net book value of tangible assets as at 31 December 2024, in addition to $281 million reversal of previously recorded impairment already in financial statements. This potential increase in the carrying amount would arise due to reversals of previously recognized impairments. If this net revenue increase was due to increases in oil prices in isolation, it reflects an indicative increase in the carrying amount of using price assumptions for Brent oil trending broadly towards the top end until 2040, and then towards the mean average at 2050, of the range of prices associated with the WBCSD 'family' of scenarios considered to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels.

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

Management also tested the impact of a one percentage point change in the discount rate used for value in use impairment testing of upstream oil properties. This level of change reflects past experience of a reasonable change in rate that could arise within the next financial year. If the discount rate was one percentage point higher across the tests performed, there would be no impairment reversal recognized in 2024. If the discount rate was one percentage point lower, the full remaining impairment charge would have been reversed in 2024.

Stocks

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

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

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

Material accounting policy information (continued)

Leases

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

Agreements that convey the right to control the use of an intangible asset including rights to explore for or use hydrocarbons are not accounted for as leases.

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

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.

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

Material accounting policy information (continued)

Leases (continued)

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

Financial assets

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

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

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

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.

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.

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

Material accounting policy information (continued)

Impairment of financial assets measured at amortized cost (continued)

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 amortized cost

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 and finance debt.

Fair value measurement

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

Offsetting of financial assets and liabilities

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

Provisions

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.

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

Material accounting policy information (continued)

Provisions (continued)

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%).

Decommissioning

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

An amount equivalent to the decommissioning provision is recognized as part of the corresponding intangible asset (in the case of an exploration or appraisal well) or tangible assets. The decommissioning portion of the tangible assets is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilization of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

Significant judgements and estimates: provisions

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

Nominal discount rate that the decommissioning provision is most sensitive to is considered to be a key estimate for the provision. Management tested the impact of a half percentage point change in the discount rate used in decommissioning provision determination. If the discount rate was a half percentage point higher, a reduction in decommissioning provision would have been approximately $36 million. If the discount rate was a half percentage point lower, an increase in decommissioning provision would have been approximately $38 million.

The ACG PSA specific decommissioning provision terms are disclosed in Note 17.

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

Material accounting policy information (continued)

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company.

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.
- In respect of taxable temporary differences associated with investments in group undertakings and associates and interests in joint arrangements, where the company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

Material accounting policy information (continued)

Taxation (continued)

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

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

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

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

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.

Turnover

Revenue from contracts with customers is recognized when or as the company satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of oil 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.

Revenue associated with the sale of oil is included on a net basis in turnover.

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

Material accounting policy information (continued)

Interest income

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

Research costs

Research costs are expensed as incurred.

Finance costs

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

Dividends payable

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

Updates to material accounting policy information

In the current year, the company has applied the following amendment to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that is mandatorily effective for an accounting period that begins on or after 1 January 2024.

Amendments to IFRS 7 Financial Instruments: Disclosures relating to supplier finance have been adopted for the financial statements for 2024.

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.

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

Material accounting policy information (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

3. Turnover

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

	2024	2023
	$000	$000
Sales of goods	1,213,516	1,343,958
	1,213,516	1,343,958
Other operating income	52,564	52,526
Turnover	**1,266,080**	**1,396,484**

Other operating income represents other bp entity and partner portions of ACG lease liability costs, whereby BP Exploration (Caspian Sea) Limited entered into lease contracts with third parties on behalf of its partners and other bp entities, and recharges their share of relevant costs to them.

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

	2024	2023
	$000	$000
Class of business:		
Oil production & operations	1,213,516	1,343,958

All turnover is generated from one class of business and the country of origin and destination is substantially the Azerbaijan geographic area.

4. Operating profit

This is stated after charging / (crediting):

	2024	2023
	$000	$000
Net foreign exchange losses	698	1,048
Research and development costs expensed	3,830	3,307
Depreciation of tangible assets	654,204	698,690
Depreciation of right-of-use assets[a]	48,400	51,725
Impairment of tangible assets	—	545,932
Reversal of impairment of tangible assets	(280,582)	—
Cost of stock recognized as an expense[b]	(139)	2,745

[a] Amount includes recapitalization of right-of-use assets depreciation as well.

[b] Amount is included in Cost of Sales.

5. Auditor's remuneration

	2024	2023
	$000	$000
Fees for the audit of the company's financial statements	89	116

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 Exploration (Caspian Sea) Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

6. Interest receivable and similar income

	2024	2023
	$000	$000
Interest income from amounts owed from group undertakings	8,583	14,228
Other interest income[a]	1,963	2,225
Interest income from leases	9,038	8,645
Total interest receivable and similar income	19,584	25,098

[a] Income and interest derived from other sources is separately presented under other interest income for both years.

Decrease in interest income from amounts owed by group undertakings is mainly driven by the lower cash position due to $600 million dividend payment in 2024 and the decrease in interest rate of 4.41% in 2024 from 5.56% in 2023.

7. Interest payable and similar expenses

	2024	2023
	$000	$000
Interest expense on:		
Lease liabilities	12,381	12,616
Overdrafts from group undertakings	4	134
Tax provision	6,574	3,257
Total interest expense	18,959	16,007
Unwinding of discount on provisions - Note 17	37,021	28,746
Unwinding of discount on signature bonus	8,594	12,654
Interest on pension scheme liabilities	66	16
Total interest payable and similar expenses	64,640	57,423

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.

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

	2024	2023
Current tax	$000	$000
Overseas tax on income for the year	65,231	116,264
Overseas tax underprovided in prior years	10,982	8,543
Total current tax charged	76,213	124,807
Deferred tax		
Overseas deferred tax charged / (credited)	69,125	(118,634)
Total deferred tax charged / (credited)	69,125	(118,634)
Tax charged on profit / (loss)	145,338	6,173

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is higher than the standard rate of local concession rate of 25% for the year ended 31 December 2024 (2023 - local concession rate of 25%). The differences are reconciled below:

	2024	2023
	UK	UK
	$000	$000
Profit / (loss) before tax	503,782	(198,278)
Tax charge	145,338	6,173
Effective tax rate	28.85 %	(3.11)%

	2024	2023
	UK	UK
	%	%
Local concession rate:	25.00	25.00
Increase / (decrease) resulting from:		
Income / (expenses) not taxable / deductible	35.62	(101.43)
Free group relief	(33.93)	77.62
Adjustments to tax charge in respect of previous years	2.16	(4.30)
Effective tax rate	28.85	(3.11)

The company operates in Azerbaijan. Profits arising in the company are taxed in the local jurisdiction at the rate agreed under the concession of 25%. The reconciliation above is based upon the tax computation prepared for the Azerbaijan authorities. The comparative disclosures have not been restated.

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8. Taxation (continued)

(b) Provision for deferred tax

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

	Profit and loss account		Balance sheet	
Deferred tax asset	2024	2023	2024	2023
	$000	$000	$000	$000
Decommissioning and other provisions	4,603	1,520	222,548	217,945
Other deductible temporary differences	(50,791)	(46,077)	77,179	127,970
Net charge for deferred tax assets	(46,188)	(44,557)	299,727	345,915

	Profit and loss account		Balance sheet	
Deferred tax liability	2024	2023	2024	2023
	$000	$000	$000	$000
Accelerated capital allowances	(14,939)	171,650	(645,992)	(631,053)
Other taxable temporary differences	(7,998)	(8,459)	(34,632)	(26,634)
Net charge for deferred tax liabilities	(22,937)	163,191	(680,624)	(657,687)
Net deferred tax (charge) / credit and net deferred tax liability	(69,125)	118,634	(380,897)	(311,772)

Analysis of movements during the year

	2024
	$000
At 1 January 2024	311,772
Deferred tax charge in the profit and loss account	69,125
At 31 December 2024	380,897

Deferred tax has not been recognised on deductible temporary differences relating to decommissioning provisions outside the UK Ring fence of $890,636,000 (2023 $871,780,000), provisions of $16,124,000 (2023 $10,812,000), IFRS 16 of $0 (2023 $0) and fixed assets of $3,176,927,000 (2023 $4,637,724,000) with no fixed expiry date on the basis that they are UK tax attributes that not expected to give rise to any future benefit.

Increase in tax charge in 2024 compared to 2023 was mainly driven by significant increase in deferred tax charge partly offset by current tax charge reduction. Increase in deferred tax charge is brought about by the partial reversal of significant impairment of tangible assets made in previous year. Current tax charge has dropped significantly, basically driven by 10% revenue reduction and 10% increase of total operating costs.

DTT

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

	2024	2023
	$000	$000
Wages and salaries	232,857	214,773
Social security costs	42,546	40,609
Other pension costs	8,703	7,938
Share-based payment charge	14,853	14,646
	298,959	277,966

The employee costs noted above relate to those employees with contracts of employment in the name of BP Exploration (Caspian Sea) Limited.

These costs are borne by the PSA and other bp group companies.

Included in other pension costs are $8,703,000 (2023 $7,938,000) in respect of defined benefit schemes.

(c) The average monthly number of employees during the year was 2,667 (2023 2,601).

Average number of employees	2024	2023
	No.	No.
Oil production & operations	2,667	2,601

10. Intangible assets

	Exploration expenditure	Total
Cost	$000	$000
At 1 January 2024	14,288	14,288
Additions	21	21
At 31 December 2024	14,309	14,309
Amortization		
At 1 January 2024	—	—
Charge for the year	—	—
At 31 December 2024	—	—
Net book value		
At 31 December 2024	14,309	14,309
At 31 December 2023	14,288	14,288

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11. Tangible assets

	Land & buildings	Fixtures & fittings	Oil & gas properties[c]	Plant & machinery[c]	Right-of-use assets	Total	Of which AUC[a]
Cost	$000	$000	$000	$000	$000	$000	$000
At 1 January 2024	31,199	103,744	20,187,045	41,147	358,413	20,721,548	1,853,149
Additions	94	—	382,026	—	18,098	400,218	22,050
Transfers	—	—	(98)	—	—	(98)	(1,853,815)
Retirement of fully depreciated right-of-use-assets[b]	—	—	—	—	(57,557)	(57,557)	—
At 31 December 2024	31,293	103,744	20,568,973	41,147	318,954	21,064,111	21,384
Depreciation							
At 1 January 2024	(15,695)	(101,975)	(15,854,305)	(41,147)	(253,944)	(16,267,066)	(205,118)
Charge for the year	(810)	(1,769)	(651,625)	—	(59,608)	(713,812)	—
Impairment	—	—	—	—	—	—	—
Reversal of impairment	1,882	—	278,700	—	—	280,582	—
Transfers	—	—	—	—	—	—	205,118
Retirement of fully depreciated right-of-use-assets[b]	—	—	—	—	57,557	57,557	—
At 31 December 2024	(14,623)	(103,744)	(16,227,230)	(41,147)	(255,995)	(16,642,739)	—
Total net book value							
At 31 December 2024	16,670	—	4,341,743	—	62,959	4,421,372	21,384
Total net book value							
At 31 December 2023	15,504	1,769	4,332,740	—	104,469	4,454,482	1,648,031

[a] AUC = assets under construction. Assets under construction are not depreciated.

[b] The removal of fully depreciated right-of-use assets at the end of the lease term.

[c] Oil & gas and Plant & machinery opening cost and depreciation have been re-classified to present the final accurate closing net book value per each line.

Capitalized interest included above is as follows:

	Net book value
Capitalized interest	$000
At 31 December 2024	31,190
At 31 December 2023	37,359

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

As a result of this review, the company has recognized total impairment reversals of $281 million (2023 impairment charges $546 million). Impairments were calculated on a value in use basis, applying a discount rate of 11% s post-tax on ACG and 8% as pre-tax on NAG asset. The net book value of the CGU which has recognized impairment charges during the year was $4.4 billion.

12. Stocks

	2024	2023
	$000	$000
Supplies	71,616	68,879
Crude oil	6,937	5,840
	78,553	74,719

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

13. Debtors

Amounts falling due within one year:

	2024	2023
	$000	$000
Trade debtors	426	—
Amounts owed from group undertakings	53,715	421,784
Amounts owed from fellow subsidiaries	123,983	160,764
Amounts owed from joint ventures	38,055	31,468
Amounts owed from associates	25,318	21,433
Prepayments and accrued income	10,486	7,561
	251,983	643,010

Amounts falling due after one year:

	2024	2023
	$000	$000
Amounts owed from fellow subsidiaries	106,398	149,448
Prepayments and accrued income	4,914	11,786
	111,312	161,234
Total debtors	363,295	804,244

The amounts owed from group undertakings comprise an Internal Funding Account (IFA) of $54 million receivable from BP International Limited (2023 $422 million).

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 based on SOFR plus 4 basis point. The borrowing interest rate at year end was SOFR+0.43% (2023 SOFR+0.78%) and deposit interest rate was SOFR+0.04% (2023 SOFR+0.06%).

Amounts owed from group undertakings other than IFA balance, associates and joint ventures are predominantly non-interest bearing and have repayment terms in the range of 30 to 60 days.

DTT

14. Creditors

Amounts falling due within one year:

	2024	2023
	$000	$000
Trade creditors	65,384	67,798
Amounts owed to group undertakings	17,090	51,549
Amounts owed to fellow subsidiaries	13,937	11,251
Amounts owed to joint ventures	17,806	22,402
Amounts owed to associates	4,913	3,046
Other creditors	450,016	449,332
Taxation	61,992	82,969
Accruals	123,301	137,064
Obligations under leases (Note 15, 16)	95,193	112,668
Tax interest	13,006	6,432
	862,638	944,511

Amounts falling due after one year:

	2024	2023
	$000	$000
Other creditors	163	173,724
Obligations under leases (Note 15, 16)	136,003	211,009
	136,166	384,733
Total creditors	998,804	1,329,244

The decrease in other creditors is due to the eighth instalment of ACG PSA extension bonus payment.

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

The amounts owed to group undertakings comprise of intercompany payable balances to BPEOC, with no interest being charged.

Amount owed to group undertakings, associates and joint ventures are pre-dominantly non-interest bearing and have repayment terms in the range of 30 to 60 days of repayment and are legally repayable on demand.

The amounts owed to fellow subsidiaries and associates mainly consist of Shared Services ("SS") payable balances related to BP Shafag-Asiman Limited, BP Pipelines (SCP) Limited and BP Pipelines (BTC) Limited and intercompany payroll to Ropemaker Stratton (No. 1) Limited.

The amounts owed to joint ventures consist of related party balances between the company and Azerbaijan International Operating Company ("AIOC").

15. Loans and obligations under leases

Obligations under leases, included within creditors, are analysed as follows:

Within 5 years

	2024		2023	
	Lease liabilities	Total	Lease liabilities	Total
	$000	$000	$000	$000
Due within				
1 year	95,193	95,193	112,668	112,668
1 to 2 years	91,073	91,073	91,762	91,762
2 to 5 years	44,930	44,930	119,247	119,247
	231,196	231,196	323,677	323,677

16. Leases

The company leases a number of assets as part of its activities. This primarily includes drilling rigs in the Upstream segment and shipping vessels. The weighted average remaining lease term for the total lease portfolio is around 4 years. Some leases will have payments that vary with market interest or inflation rates. Certain leases contain residual value guarantees, these may be triggered in certain circumstances such as if market values have significantly declined at the conclusion of the lease.

Certain leases, in particular for drilling rigs and shipping vessels, 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 asset if the company is reasonably certain to exercise the option.

Along with the lease contracts recognized on the face of the balance sheet, the company entered into several contracts that were classified as short-term leases. The following table condenses information on such leases as well as additions to right-of-use assets and total cash outflows for amounts included in lease liabilities.

	2024	2023
	$000	$000
Short-term lease expense[a]	59,482	62,656
Additions to right-of-use assets in the period	18,098	46,601
Total cash outflow for amounts included in lease liabilities[b]	122,961	99,521

[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.

The increase in total cash outflow in lease liability is due to Istiglal rig operating 9 months in 2023 vs full year in 2024. Total lease liability decreased in 2024 with the impact of actualization of payments for the whole year including the impact of seismic vessel lease commencement in 2024.

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

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17. Provisions

	Decommissioning
	$000
At 1 January 2024	871,780
New or increased provisions:	
Recognized within tangible assets	34,195
Unwinding of discount	37,021
Change in discount rate	(44,007)
Utilization[a]	(8,353)
At 31 December 2024	890,636

The company makes full provision for the future cost of decommissioning oil and natural gas production facilities and related pipelines oil a discounted basis on the installation of those facilities. At 31 December 2024, the provision for the costs of decommissioning these production facilities and pipelines at the end of their economic lives was $890,636,000 (2023 $871,780,000). The provision has been estimated using the relevant ACG PSA methodology and requirements, according to which the company's decommissioning obligations are calculated based on 10% of the Company's ACG PSA cumulative capital expenditures incurred, and discounted using a nominal discount rate of 4.5% (2023 4%). These costs are expected to be incurred over the next 26 years.

[a] Utilization of provision includes Chirag platform A16w well abandonment cost and several mud line whipstock activities within ACG.

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

18. Called up share capital

	2024	2023
	$000	$000
Issued and fully paid:		
4,969,221 ordinary shares of $1.00 each for a total nominal value of $4,969,221	4,969	4,969
	4,969	4,969

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19. 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.

Other reserves
The balance on the other reserves mainly represents historical adjustments for the share based payments recognized in 2016 for prior years.

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

In 2024, the company paid interim ordinary dividends of $600,000,000 (2023 $0). The dividend per share was $120.74 (2023 $0).

20. Capital commitments

Authorized and contracted future capital expenditure (excluding right-of-use assets) by the company for which contracts had been placed but not provided in the financial statements at 31 December 2024 is estimated at $231,723,000 (2023 $223,303,000).

21. 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:

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Related party	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
	$000	$000	$000	$000
Azerbaijan International Operating Company				
Joint venture				
Services				
2024	627,017	—	40,198	17,806
2023	606,715	—	30,462	22,402
The Baku-Tbilisi-Ceyhan Pipeline Company				
Group associate				
Transportation and services				
2024	50,878	40,705	16,718	—
2023	41,403	33,868	16,243	34
South Caucasus Pipeline Company Limited				
Group associate				
Services				
2024	22,850	—	8,600	4,913
2023	17,233	—	5,190	3,012

22. Post balance sheet event

There is no post balance sheet event at the reporting date for the company.

23. Immediate and ultimate controlling parent undertaking

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

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