BP EASTERN MEDITERRANEAN LIMITED
(Registered No.02239062)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

Board of Directors: S Photiou
B M Bolgil-Miller
J E Glenholme

The directors present the Strategic Report, their report and the audited financial statements for the year ended 31 December 2022.

STRATEGIC REPORT

Principal activities

The company is engaged in the purchasing and selling of petroleum products in Cyprus. It also provides services to other group undertakings within the bp group. The company has a branch operating in Cyprus.

The company is also in a 50:50 joint operating agreement with RAM Oil Cyprus Ltd, (a subsidiary company of Hellenic Petroleum Cyprus Ltd) at the Paphos International airport for the receipt, storage and distribution of aviation fuel into the joint operating facilities and the provision of into-plane services to each partner’s customers. The scope of the joint operation will include, but not be restricted to the organisation, operation, maintenance and management of the joint operating facilities.

Results

The profit for the year after taxation was €10,202,000 which, when added to the retained profit brought forward at 1 January 2022 of €16,988,000 together with an actuarial profit taken directly to reserves of €427,000, gives a total retained profit carried forward at 31 December 2022 of €27,617,000.

Review of the business

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

	2022	2021	Variance
	€000	€000	%
Turnover	158,083	54,775	189
Operating profit	10,233	5,273	94
Profit for the financial year	10,202	5,476	86
Total equity	34,289	23,626	45

	2022	2021	Variance
	%	%	
Quick ratio*	1,125	267	858

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

Review of the business (continued)

Turnover has increased in 2022 due to the increase in price and volume of sales. This is driven by the reopening of international borders, where many governments had previously closed their borders during the Covid-19 pandemic. The gross profit margin has reduced to 12% (2021 24%) due to a significant increase (72%) in commercial aviation flight in 2022 as compared to 2021, which is a higher volume lower margin business. The operating profit and profit for the financial year is primarily contributed by the significant increase in turnover. The improvement in quick ratio is due to the timely payments received from short-term trade debtors this year as compared to last year and a settlement made by the company with a key trade creditor this year.

Section 172 (1) statement

This section describes how the directors of the company have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (the "Section 172 factors"), and forms the statement required under section 414CZA of the Companies Act 2006.

In performing their duties throughout the year the directors have had regard to the Section 172 factors as follows:

(a) The likely long-term consequences of the decision

When setting and delivering on the company's strategy, the directors of the company have regard to the evolving environment in which the company operates and aims to promote the long term success and sustained economic viability of the company.

(b) The interests of the company's employees

The directors of the company recognise that employees are vital to the long term success of the company and, as such, 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.'

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.

In 2022 the bp group launched the 'Who we are' framework of beliefs representing what we stand for at bp and to inspire our employees through a new 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.

(c) The need to foster the company's business relationships with suppliers, customers and others

During 2022, the directors of the company reiterated their focus on engagement and fostering relationships with suppliers and customers, with the need to consider partners, customers and suppliers and how we can help them, specifically addressed in the 'Who we are' belief, 'Care for others'.

In addition, the board reviewed and considered the company's Modern Slavery Statement and disclosed its practices in respect of the same on an annual basis.

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.

Section 172 (1) statement (continued)

(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 aims and objectives – 10 aims to get bp to net zero and help the world get there too, 5 aims to improve people's lives and 5 aims to care for our planet. In 2022 each business prepared a sustainability plan, identifying its priority aims and detailing the actions it will take to meet those.

(e) The desirability to maintain the company's reputation for high standards of business conduct
In 2022, bp continued to make progress against its sustainability aims which set out the areas where bp believes it can make the biggest difference for bp, its stakeholders and society. bp's commitment to safety, having a positive impact and doing the right thing were further enshrined in the new bp 'Who we are' beliefs which also emphasise the importance of following the bp code of conduct.

bp's code of conduct sets clear expectations for how bp, the company and the board operate. The directors of the company continued to adhere, in good faith, to the bp code of conduct during the year and oversee adherence to the bp code of conduct by the company's employees to ensure the board and the company maintain a reputation for high standards of business conduct.

The board considered its impact and decision making in light of the war in Ukraine and bp's announcement of its position in Russia.

(f) The need to act fairly between members of the company
The company is a wholly owned subsidiary with one member and the directors aim to maximise long term shareholder value.

Stakeholder engagement

By understanding the company's key stakeholders, the board can consider and address the needs of these stakeholders and foster good business relationships with them. The board has taken time to identify the key interests of the stakeholders and establish regular engagement methods to help the board to consider and balance stakeholder interests when making decisions.

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

(a) Government/Regulators
The company recognises the need to create valued relationships with the Government/Regulators centred around ethics and transparency, and the need to discuss relevant regulations and guidance where necessary.

The board is provided with updates on changes in regulation and/or legislation impacting the company and is committed to keeping the Government/Regulators informed of any significant changes to the company.

(b) Shareholders
The company is committed to maximising long term shareholder value in, whatever form, when making decisions.

The company operates in accordance with the bp group's System of Internal Control to promote the long term success of the company for the shareholder.

The company's principal decisions

During the period the directors of the company continued to monitor progress against the company's strategy, as highlighted in the principal activities section of the Strategic Report of the company, and decisions made by the directors of the company were in respect of routine board matters, in furtherance of the bp group's purpose and were not considered to be principal in nature.

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 2022.

Strategic and commercial risks

Prices and markets

The company's financial performance is subject to fluctuating prices of oil and refined products, technological change, exchange rate fluctuations and the general macroeconomic outlook. Oil and product prices are subject to international supply and demand and margins can be volatile. Political developments, increased supply of oil and gas or alternative low carbon energy sources, technological change, global economic conditions, public health situations (including the continued impact of the COVID-19 pandemic or any future epidemic or pandemic) and the influence of OPEC+ can impact supply and demand and prices for our products.

Decreases in oil or product prices could have an adverse effect on revenue, margins, profitability and cash flows. If these reductions are significant or for a prolonged period, bp 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 maintain the company's long-term investment programme. Conversely, an increase in oil and product prices may not improve margin performance as there could be increased fiscal take, cost inflation and more onerous terms for access to resources.

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

Strategic and commercial risks (continued)

Major project delivery

Poor investment choice, efficiency or delivery, or operational challenges at any major project that underpins production or production growth, could adversely affect our financial performance.

The company seeks to manage this risk through the bp group projects organization which includes the centre of expertise for appraisal and optimization, expertise to manage the design and build of projects and programmes to ensure project objectives are met. This process is systematically reviewed and continuously improved.

Geopolitical

The company is exposed to a range of political, economic and social developments and consequent changes to the operating and regulatory environment which 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 continued impact of the COVID-19 pandemic or any future epidemic or pandemic) may disrupt or curtail our operations, business activities or investments. These may in turn cause production to decline, limit our ability to pursue new opportunities, affect the recoverability of our assets and our related earnings and cash flow or cause us to incur additional costs, particularly due to the long-term nature of many of our projects and significant capital expenditure required.

Events in, or relating to Russia and the conflict in Ukraine, including trade restrictions, international sanctions or any other actions taken by governmental authorities or other relevant persons will adversely impact the company’s business activities and operations in or relating to Russia, could reduce financial liquidity and adversely impact the company’s finances.

Liquidity, financial capacity and financial, including credit, exposure

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

For further details see Note 29 of the bp group Annual Report and Form 20-F for the year ended 31 December 2022.

Joint arrangements and contractors

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

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

Strategic and commercial risks (continued)

Digital infrastructure and cybersecurity
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. A breach or failure of our or third parties' digital infrastructure – including control systems – due to breaches of our cyber defences, or those of third parties, negligence, intentional misconduct or other reasons, could seriously disrupt our 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 our business, harm to the environment or our 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 our 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 in any of our strategic focus areas, 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.

Changes in investor preferences and sentiment could affect our access to capital markets and our attractiveness to potential investors, potentially resulting in reduced access to financing, increased financing costs and impacts upon our 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.

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

Policy, legal regulatory, technological and market developments related to climate change could also affect future price assumptions used in the assessment of recoverability of asset carrying values including trade and other debtors, the judgement as to the useful economic lives of tangible assets used for the calculation of depreciation as well as the judgement for the timing of decommissioning of assets.

Competition
The bp group strategic progress and performance could be impeded if we are unable to control our development and operating costs and margins, if we fail to scale our businesses at pace, or to sustain, develop and operate a high-quality portfolio of assets efficiently. Furthermore, as the bp group transitions from an international oil company to an integrated energy company, we face an expanded and rapidly evolving range of competitors in the sectors in which we operate.

We could be adversely affected if competitors offer superior terms for licences or if our innovation in areas such as customer offer lags behind those of our competitors.

Strategic and commercial risks (continued)

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.

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 generally purchases insurance only 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 bp group financial position which in turn could adversely affect the company.

Safety and operational risks

Process safety, personal safety and environmental risks
The company is exposed to a wide range of health, safety, security and environmental risks.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 could cause harm to people, the environment and the company’s assets and could result in regulatory action, legal liability, business interruption, increased costs, damage to the company's reputation and potentially denial of its licence to operate.

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
Supplying customers with off-specification products could damage the company’s reputation, lead to regulatory action and legal liability, and potentially impact its financial performance.

Compliance and control risks

Ethical misconduct and non-compliance
Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-bribery and corruption, competition and antitrust, 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 our 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.

Compliance and control risks (continued)

Treasury and treasury trading activities
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 2022.

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

DocuSigned by:
James Glenholme
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September 28, 2023

J E Glenholme
Director

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

DIRECTORS' REPORT

BP EASTERN MEDITERRANEAN LIMITED

Directors

The present directors are listed on page 1.

S Photiou served as a director throughout the financial year. Changes since 1 January 2022 are as follows:

	Appointed	Resigned
B M Bolgil-Miller	2 February 2022	—
J E Glenholme	2 February 2022	—
A S Ibrahim	—	2 February 2022
M A Thomsen	—	2 February 2022

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

The company has not declared any dividends during the year (2021 €Nil). The directors do not propose the payment of a dividend (2021 €Nil).

Financial instruments

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

Going concern

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

Liquidity and financing is 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 be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see pages 4-8.

Going concern (continued)

The company is in a healthy net assets and net current assets position as at 31 December 2022. The company has ongoing funding arrangements with BP International Limited to manage its working capital as well as investing activities. The directors' assessment has taken into account the ability of both the company and the bp group to ensure availability of funds at least 12 months from the date of approval of these financial statements.

In assessing the prospects of BP Eastern Mediterranean 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.

Branches

The company has an overseas branch established in Cyprus.

Stakeholder statements

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

The board recognises the importance of considering and having regard to key stakeholders and their interests when making decisions. By understanding the company's key stakeholders, the board can consider and address the needs of these stakeholders and foster good business relationships with them.

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.

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 2022.

Auditors

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

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

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the company's auditor is unaware; and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

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

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

DocuSigned by:
James Glenholme
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September 28, 2023
J E Glenholme
Director

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BP EASTERN MEDITERRANEAN 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BP EASTERN MEDITERRANEAN LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BP Eastern Mediterranean Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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.

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.

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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 framework(s) 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 the relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- risk of revenue being recorded in an incorrect period resulting in a cut-off error in revenue recognition in relation to the direct sales made to the entity's customers where the accounting treatment leads to a potential cut-off risk. We tested the completeness of the sales listing and by subjecting the population to check the revenue recognition is consistent with delivery terms and check the revenue recorded in the correct period.

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.

DTT

INDEPENDENT AUDITOR'S REPORT

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

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:
Nrosha Perera
B62164DB4B10470...

September 29, 2023

Nirosha Perera (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

BP EASTERN MEDITERRANEAN LIMITED

	Note	2022 Continuing operations €000	2022 Discontinued operations €000	2022 Total €000	2021 Continuing operations €000	2021 Discontinued operations €000	2021 Total €000
Turnover	**3**	146,036	12,047	158,083	42,773	12,002	54,775
Cost of sales		(129,106)	(9,762)	(138,868)	(32,356)	(9,275)	(41,631)
Gross profit		16,930	2,285	19,215	10,417	2,727	13,144
Distribution and marketing expenses		(7,391)	(2,116)	(9,507)	(5,502)	(2,369)	(7,871)
Profit on disposal of fixed assets	**4**	25	—	25	—	—	—
Profit on termination of operations	**10**	—	500	500	—	—	—
Operating profit	**4**	9,564	669	10,233	4,915	358	5,273
Interest receivable and similar income	**6**	570	—	570	18	—	18
Interest payable and similar expenses	**7**	(93)	(36)	(129)	(39)	(62)	(101)
Other finance expenses	**8**	(11)	—	(11)	(17)	—	(17)
Profit before taxation		10,030	633	10,663	4,877	296	5,173
Tax on profit	**9**	(386)	(75)	(461)	303	—	303
Profit for the financial year		9,644	558	10,202	5,180	296	5,476

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

BP EASTERN MEDITERRANEAN LIMITED

	2022	2021
	€000	€000
Profit for the financial year	10,202	5,476
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of the net pension and other post-retirement benefit liability or asset	567	1,020
Income tax relating to items that will not be reclassified	(140)	(256)
Other comprehensive income for the year net of tax	427	764
Total comprehensive income for the year	10,629	6,240

BALANCE SHEET

AS AT 31 DECEMBER 2022

BP EASTERN MEDITERRANEAN LIMITED

(Registered No.02239062)

	Note	2022 €000	2021 €000
Fixed assets			
Tangible assets	12	2,922	2,725
Defined benefit pension plans surplus	24	768	1,102
		3,690	3,827
Current assets			
Stocks	13	5,571	7,072
Debtors - amounts falling due:			
within one year	14	27,501	22,373
after one year	14	3	—
Deferred tax assets	9	605	713
Cash at bank and in hand		1,000	1,564
		34,680	31,722
Creditors: amounts falling due within one year	15	(1,982)	(8,263)
Lease liabilities	16	(551)	(717)
Net current assets		32,147	22,742
TOTAL ASSETS LESS CURRENT LIABILITIES		35,837	26,569
Lease liabilities	16	—	(533)
Provisions for liabilities and charges			
Other provisions	18	(40)	(35)
Other post-retirement benefits plan deficit	25	(1,508)	(2,375)
NET ASSETS		34,289	23,626
Capital and reserves			
Called up share capital	20	6,378	6,378
Other reserves	21	294	260
Profit and loss account	21	27,617	16,988
TOTAL EQUITY		34,289	23,626

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

DocuSigned by:

James Glenholme

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September 28, 2023

J E Glenholme

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

BP EASTERN MEDITERRANEAN LIMITED

	Called up share capital (Note 20)	Other reserves (Note 21)	Profit and loss account (Note 21)	Total
	€000	€000	€000	€000
Balance at 1 January 2021	6,378	182	10,748	17,308
Profit for the financial year	—	—	5,476	5,476
Other comprehensive income for the year	—	—	764	764
Total comprehensive income for the year	—	—	6,240	6,240
Capital contribution for equity-settled share-based payments	—	78	—	78
Balance at 31 December 2021	6,378	260	16,988	23,626
Balance at 1 January 2022	6,378	260	16,988	23,626
Profit for the financial year	—	—	10,202	10,202
Other comprehensive income for the year	—	—	427	427
Total comprehensive income for the year	—	—	10,629	10,629
Capital contribution for equity-settled share-based payments	—	34	—	34
Balance at 31 December 2022	6,378	294	27,617	34,289

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

The financial statements of BP Eastern Mediterranean Limited for the year ended 31 December 2022 were approved by the board of directors on 28 September 2023 and the balance sheet was signed on the board's behalf by J E Glenholme. BP Eastern Mediterranean Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 02239062) under the Companies Act 2006. The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP. 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. Significant accounting policies, judgements, estimates and assumptions

The significant accounting policies 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.

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;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 74 A(b) of IAS 16 Property, Plant and Equipment;

(c) the requirements of IAS 7 Statement of Cash Flows;
(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;
(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 requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
(j) the requirements of IFRS 7 Financial Instruments: Disclosures;

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Basis of preparation (continued)

(k) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
(l) 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;
(m) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
(n) 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.

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

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

Significant accounting policies: 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 and 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 within the boxed text 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: pensions and other post-retirement benefits.

Pensions and other post-retirement benefits
The volatility in the financial markets during 2022 impacted the assumptions used for determining the fair value of plan assets and the present value of defined benefit obligations in the group's defined benefit pension plans. See significant estimate: pensions and other post-retirement benefits and notes 24 and 25 for further information.

Significant accounting policies

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.

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2. Significant accounting policies, judgements, estimates and assumptions (continued)

Going concern (continued)

Liquidity and financing is 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 be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see pages 4-8.

The company is in a healthy net assets and net current assets position as at 31 December 2022. The company has ongoing funding arrangements with BP International Limited to manage its working capital as well as investing activities. The directors' assessment has taken into account the ability of both the company and the bp group to ensure availability of funds at least 12 months from the date of approval of these financial statements.

In assessing the prospects of BP Eastern Mediterranean 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.

Foreign currency

The functional and presentation currency of the financial statements is Euro. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity 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.

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Investments

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

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

Tangible assets

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

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

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

Buildings on leasehold land	10 years
Computer hardware	3 to 4 years
Plant and machinery	10 to 16 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.

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Impairment of 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 value of an asset may not be recoverable, for example, changes in the company's business plans, plans to dispose rather than retain assets, changes in commodity prices, low plant utilization, evidence of physical damage or decommissioning costs. If any such indication of impairment exists, the company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. If it is probable that the value of the CGU will primarily be recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

The business segment plans, which are approved on an annual basis by senior management, are the primary source of information for the determination of value in use. They contain forecasts for oil production, sales volumes for various types of refined products (e.g. gasoline), revenues, costs and capital expenditure. Carbon taxes and costs of emissions allowances are also included in estimates of future cash flows, based on the regulatory environment in each jurisdiction in which the group operates. As an initial step in the preparation of these plans, various assumptions regarding market conditions, such as oil prices, 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, 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 that are not 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. In limited circumstances where recent market transactions are not available for reference, discounted cash flow techniques are applied. Where discounted cash flow analyses are used to calculate fair value less costs of disposal, estimates are made about the assumptions market participants would use when pricing the asset, CGU or group of CGUs containing goodwill and the test is performed on a post-tax basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed 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. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's or CGU's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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2. Significant accounting policies, judgements, estimates and assumptions (continued)

Stocks

Stocks, other than stocks held for 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.

Leases

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

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

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

The right-of-use asset is recognized on the balance sheet as property, plant and equipment 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 income statement. Right-of-use assets are assessed for impairment in line with the accounting policy for impairment of property, plant and equipment, intangible assets, and goodwill.

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 income statement 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.

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2. Significant accounting policies, judgements, estimates and assumptions (continued)

Leases (continued)

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 income statement. Modifications that increase the scope of the lease at a price commensurate with the stand-alone selling price are accounted for as a separate new lease.

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

Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not 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 along with either substantially all of the risks and rewards or control of the asset.

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 amortised cost. This category of financial assets includes trade and other receivables, amounts owed from group undertakings as well as cash at bank and in hand.

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.

2. Significant accounting policies, judgements, estimates and assumptions (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

The measurement of financial liabilities is 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 as well as amounts owed to group undertakings.

Offsetting of financial assets and liabilities

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

Provisions and contingent liabilities

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized in the profit and loss account. Provisions are discounted using a nominal discount rate of 3.5% (2021 2.0%).

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

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Provisions and contingent liabilities (continued)

Environmental expenditures and liabilities

Environmental expenditures that are required in order for the company to obtain future economic benefits from its assets are capitalized as part of those assets. Expenditures that relate to an existing condition caused by past operations and that do not contribute to future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions for environmental liabilities have been estimated using existing technology, at future prices and discounted using a nominal discount rate.

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. Deferred bonus arrangements that have a vesting date more than 12 months after the balance sheet date are valued on an actuarial basis using the projected unit credit method and amortized on a straight-line basis over the service period until the award vests. The accounting policies for share-based payments and for pensions and other post-retirement benefits are described below.

Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees of the company is measured by reference to the fair value at the date at which equity instruments are granted and is recognized as an expense over the vesting period, which ends on the date on which the employees become fully entitled to the award. A corresponding credit is recognized within equity. Fair value is determined by using an appropriate valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions). Non-vesting conditions, such as the condition that employees contribute to a savings-related plan, are taken into account in the grant-date fair value, and failure to meet a non-vesting condition, where this is within the control of the employee, is treated as a cancellation and any remaining unrecognized cost is expensed.

For other equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured at the fair value of the goods and services received unless their fair value cannot be reliably estimated. If the fair value of the goods and services received cannot be reliably estimated, the transaction is measured by reference to the fair value of the equity instruments granted.

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2. Significant accounting policies, judgements, estimates and assumptions (continued)

Pensions

Contributions to defined contribution plans are recognized in the profit and loss account in the period in which they become payable.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation). Past service costs, resulting from either a plan amendment or a curtailment (a reduction in future obligations as a result of a material reduction in the plan membership), are recognized immediately when the company becomes committed to a change.

Net interest expense relating to pensions and other post-retirement benefits, which is recognized in the profit and loss account, represents the net change in present value of plan obligations and the value of plan assets resulting from the passage of time, and is determined by applying the discount rate to the present value of the benefit obligation at the start of the year, and to the fair value of plan assets at the start of the year, taking into account expected changes in the obligation or plan assets during the year.

Remeasurements of the net defined benefit liability or asset, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest described above) are recognized within other comprehensive income in the period in which they occur and not subsequently reclassified to profit and loss.

The defined benefit pension plan surplus or deficit in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), and the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. Defined benefit pension plan surpluses are only recognized to the extent they are recoverable, either by way of a refund from the plan or reductions in future contributions to the plan.

Significant judgements and estimates: pensions and other post-retirement benefits

The defined benefit pension scheme is a scheme that shares risks between entities under common control and is administered by the ultimate parent company BP p.l.c. The company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and so the scheme has been accounted for as a defined contribution scheme as allowed by FRS 101. Contributions to the scheme are charged through the company’s profit and loss account in the year in which they become payable. Detailed disclosures have been made in the financial statements of the ultimate parent company.

Accounting for defined benefit pensions and other post-retirement benefits involves making significant estimates when measuring the company's pension plan surpluses and deficits. These estimates require assumptions to be made about many uncertainties.

Pension and other post-retirement benefit assumptions are reviewed by management at the end of each year. These assumptions are used to determine the projected benefit obligation at the year end and hence the surpluses and deficits recorded on the company’s balance sheet, and pension and other post-retirement benefit expense for the following year.

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Pensions (continued)

Significant judgements and estimates: pensions and other post-retirement benefits (continued)

The assumptions that are the most significant to the amounts reported are the discount rate, inflation rate, salary growth and mortality levels. Assumptions about these variables are based on the environment in each country. The assumptions used vary from year to year, with resultant effects on future net income and net assets. Changes to some of these assumptions, in particular the discount rate and inflation rate, could result in material changes to the carrying amounts of the company's pension and other post-retirement benefit obligations within the next financial year. Any differences between these assumptions and the actual outcome will also affect future net income and net assets. The pension and other post-retirement benefit assumptions at 31 December 2022 and 2021 are provided in Note 24 and 25.

The values ascribed to these assumptions and a sensitivity analysis of the impact of changes in the assumptions on the benefit expense and obligation is provided in the group financial statements of BP p.l.c.

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. An exception is where the deferred tax asset relates to the deductible temporary difference arising 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 deductive temporary differences.

DTT

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Taxation (continued)

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

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

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

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

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.

Customs duties and sales taxes

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

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

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

Turnover

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

Revenue is recognized when the service is performed, in accordance with the terms of the contractual arrangements and in the accounting period in which the services are rendered.

DTT

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Turnover (continued)

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 petroleum and petrochemical products is included on a net basis in turnover.

Interest income

Interest income is recognized as the interest accrues.

Finance costs

All finance costs are recognized in the profit and loss account in the period in which they are incurred.

Discontinued operation

A discontinued operation is a component of the company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operations meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Updates to significant accounting policies

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of new International Financial Reporting Standards

There are no IASB 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.

DTT

3. Turnover

An analysis of the company's turnover for the year ended 31 December 2022 is as follows:

	2022	2022	2022
	Continuing operations	Discontinued operations	Total
	€000	€000	€000
Sales of goods	145,509	12,047	157,556
Rendering of services	527	—	527
	146,036	12,047	158,083
Interest receivable and similar income (Note 6)	570	—	570
	146,606	12,047	158,653

An analysis of the company's turnover for the year ended 31 December 2021 is as follows:

	2021	2021	2021
	Continuing operations	Discontinued operations	Total
	€000	€000	€000
Sales of goods	42,380	12,002	54,382
Rendering of services	393	—	393
	42,773	12,002	54,775
Interest receivable and similar income (Note 6)	18	—	18
	42,791	12,002	54,793

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

	2022	2021
	€000	€000
Class of business:		
Customers & products	158,083	54,775

An analysis of turnover by geographical market is set out below:

	2022	2021
	€000	€000
By geographical area:		
Rest of Europe	146,036	42,773
Rest of World	12,047	12,002
Total	158,083	54,775

4. Operating profit

This is stated after charging / (crediting):

	2022	2021
	€000	€000
Operating lease payments:		
Plant & machinery	2	6
Land & buildings	51	—
Net foreign exchange gains[b]	(5,222)	(2,317)
Depreciation of tangible assets[a]	120	132
Depreciation of right-of-use assets[a]	645	703
Profit on disposal of tangible assets	(25)	—

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

[b] Amount is included in cost of sales.

5. Auditor's remuneration

	2022	2021
	€000	€000
Fees for the audit of the company	50	53

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 Eastern Mediterranean Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

A portion of the fees were borne by another group company.

6. Interest receivable and similar income

	2022	2021
	€000	€000
Interest income from amounts owed by group undertakings	554	18
Interest income from other financial assets measured at amortized cost	16	—
	570	18

7. Interest payable and similar expenses

	2022	2021
	€000	€000
Interest expense on:		
Bank loans and overdrafts	74	96
Lease liabilities	3	5
Overdrafts from group undertakings	51	—
Total interest expense	128	101
Unwinding of discount on provisions - Note 18	1	—
Total interest payable and similar expenses	129	101

8. Other finance expenses

	2022	2021
	€000	€000
Net interest on pension and other post-retirement benefit plan liabilities	11	17

9. Taxation

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

The taxation charge / (credit) in the profit and loss account is made up as follows:

	2022	2021
Current tax	€000	€000
Overseas tax on income for the year	493	—
Total current tax charged	493	—
Deferred tax		
Origination and reversal of temporary differences	(24)	34
Effect of increased / (decreased) tax rate on opening liability / asset	(8)	(233)
Adjustments in prior year temporary differences	—	(104)
Total deferred tax credited	(32)	(303)
Tax charged / (credited) on profit	461	(303)

In 2022, the total tax charge recognised within other comprehensive income was €140,000 (2021 €256,000). This tax charge is in relation to the remeasurements of the net pension and other post-retirement benefit liability or asset.

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2022 (2021 19%). The differences are reconciled below:

	2022	2021
	UK	UK
	€000	€000
Profit before tax	10,663	5,173
Tax charge / (credit)	461	(303)
Effective tax rate	4 %	(6)%

	2022	2021
	UK	UK
	%	%
UK corporation tax rate:	19	19
Overseas corporation tax rate:	—	—
Decrease resulting from:		
Free group relief	(15)	(19)
Remeasurement of deferred tax for changes in tax rates	—	(4)
Adjustments to tax charge in respect of previous years	—	(2)
Effective tax rate	4	(6)

The reconciling items shown above are those that arise for UK corporation tax purposes, rather than overseas tax purposes.

9. Taxation (continued)

Change in corporation tax rate

On 3 March 2021, the UK Government announced an increase in the UK's main corporation tax rate from 19% to 25%, effective from 1 April 2023. This will increase the company's future current tax charge accordingly. The rate change was substantively enacted on 24 May 2021 and has therefore been applied when calculating the company's deferred tax balances at the balance sheet date.

(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	2022	2021	2022	2021
	€000	€000	€000	€000
Decommissioning and other provisions	(2)	(2)	10	8
Capital allowances in excess of depreciation	(23)	(222)	410	387
Pension plan and other post-retirement	(7)	(79)	185	318
Net credit for deferred tax assets	(32)	(303)	605	713

Analysis of movements during the year:

	2022
	€000
At 1 January 2022	713
Deferred tax credit in the profit and loss account	32
Deferred tax charge in other comprehensive income	(140)
At 31 December 2022	605

Deferred tax has been recognised on all the fixed assets and short term timing differences on the basis that they are expected to give rise to future profit.

10. Discontinued operation

In July 2022, a decision was made by bp group for Lubricants UK Limited (the "Principal") to exit the lubricants triangular trading business in the Middle East and Africa region, which is effective from 7 October 2022 with a 3 months' notice of termination of the Distribution Agreement (the "Agreement") issued by the Principal. There was an agreement in place with the Principal since 2002, which was lastly renewed on 18 December 2020.

The sum of €500,000 that was paid as a compensation by the Principal for the termination of the Agreement, is considered to represent six months' historic net profit from sales made to the territories covered by the Agreement, as a contribution to closing down costs and in recognition of the Distributor's general cooperation including the novation of existing third-party contracts to Castrol Finance with effect from 1 October 2022. There were no costs incurred for the termination of the business operations.

11. Directors and employees

(a) Remuneration of directors

A number of directors are senior executives of the BP p.l.c. Group and received no remuneration for qualifying services to this company.

11. Directors and employees (continued)

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

The total remuneration for these qualifying directors for their period of directorship to the company amounted to €153,799 (2021 €129,686). These costs were borne by the company.

None of the qualifying directors received a compensation for loss of office (2021 None).

One of these qualifying directors was a member of the defined benefit section of the BP Pension funds at 31 December 2022 (2021 One).

None of these qualifying directors received any contribution to a money purchase pension scheme during the year (2021 None).

One of the qualifying directors exercised share options over BP p.l.c. shares during the year (2021 None).

One of the qualifying directors had awards receivable in the form of BP p.l.c. shares under a long-term incentive scheme (2021 One).

(b) Employee costs

	2022	2021
	€000	€000
Wages and salaries	1,610	1,515
Social security costs	243	230
Other pension costs	110	222
Share-based payment charge (Note 19)	53	97
Other benefit and contributions	52	74
Redundancies	—	1,011
	2,068	3,149

Included in other pension costs are €70,591 (2021 €170,802) in respect of defined benefit schemes and €39,324 (2021 €51,241) in respect of defined contribution schemes.

(c) The average monthly number of non-UK employees during the year was 26 (2021 26).

12. Tangible assets

	Buildings on leasehold land			Plant & machinery			
	Owned tangible assets	Right-of-use assets	Computer software & hardware	Owned tangible assets	Right-of-use assets	Total	Of which AUC*
	€000	€000	€000	€000	€000	€000	€000
Cost							
At 1 January 2022	62	117	897	6,480	3,125	10,681	328
Additions	25	—	5	953	—	983	890
Disposals	—	—	—	(8)	—	(8)	—
Deletions	—	(117)	(65)	(2,553)	(16)	(2,751)	—
At 31 December 2022	87	—	837	4,872	3,109	8,905	1,218

12. Tangible assets (continued)

	Buildings on leasehold land			Plant & machinery			
	Owned tangible assets	Right-of-use assets	Computer software & hardware	Owned tangible assets	Right-of-use assets	Total	Of which AUC*
	€000	€000	€000	€000	€000	€000	€000
Depreciation							
At 1 January 2022	62	117	890	4,904	1,983	7,956	—
Charge for the year	—	—	5	115	645	765	—
Disposals	—	—	—	(3)	—	(3)	—
Deletion	—	(117)	(65)	(2,553)	—	(2,735)	—
At 31 December 2022	62	—	830	2,463	2,628	5,983	—
Owned tangible assets - net book value							
At 31 December 2022	25	—	7	2,409	—	2,441	—
Right-of-use assets - net book value							
At 31 December 2022	—	—	—	—	481	481	—
Total tangible assets net book value							
At 31 December 2022	25	—	7	2,409	481	2,922	1,218
Total net book value							
At 31 December 2021	—	—	7	1,576	1,142	2,725	328
Depreciation charge for the year on right-of-use assets							
2022	—	—	—	—	645	645	—
2021	—	38	—	—	665	703	—

*AUC = assets under construction. Assets under construction are not depreciated.

13. Stocks

	2022	2021
	€000	€000
Refined petroleum and petrochemical products	5,571	7,072

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

14. Debtors

Amounts falling due within one year:

	2022	2021
	€000	€000
Trade debtors	2,883	5,555
Amounts owed from group undertakings	23,695	16,056
Other debtors	175	—
Prepayments	90	391
Taxation	—	121
Accrued income	—	6
VAT recoverable	658	244
	27,501	22,373

Amounts falling due after one year:

	2022	2021
	€000	€000
Prepayments	3	—
Total debtors	27,504	22,373

Included in the amounts owed from fellow group undertakings is an Internal Funding Account (IFA) of €20,210,195 receivable from BP International Limited (2021 €12,967,016).

This balance forms a key part of the bp group's liquidity and funding arrangements under its centralised 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 USD LIBOR and EURIBOR.

From 31 December 2021 some USD LIBOR tenors, and all EUR, GBP and CHF LIBOR tenors ceased to be published. The remaining USD LIBOR tenors, including 3 month USD LIBOR, will continue to be published until June 2023. For further information in relation to LIBOR transition see Note 29 of the bp group Annual Report and Form 20-F for the year ended 31 December 2022.

Trade and other receivables are predominantly non-interest bearing.

15. Creditors

Amounts falling due within one year:

	2022	2021
	€000	€000
Trade creditors	637	4,138
Amounts owed to group undertakings	237	1,544
Other creditors	312	2,125
Taxation	7	—
Accruals	789	456
	1,982	8,263

Materially all of the company's trade payables have payment terms in the range of 30 to 60 days and give rise to operating cash flows.

16. Obligations under leases

Obligations under leases are analysed as follows:

Within 5 years

	2022	2021
	Lease liabilities	Lease liabilities
	€000	€000
Due within		
1 year	551	717
1 to 2 years	—	533
	551	1,250

17. Leases

The company leases a number of assets as part of its activities. This primarily includes oil depots and storage tanks in the Downstream segment as well as office accommodation. The weighted average remaining lease term for the total lease portfolio is around 2 years (2021 3 years). Some leases will have payments that vary with market interest or inflation rates.

The company may enter into lease arrangements a number of years before taking control of the underlying asset due to construction lead times or to secure future operational requirements. The total undiscounted amount for future commitments for leases not yet commenced as at 31 December 2022 is €Nil (2021 €Nil).

	2022	2021
	€000	€000
Total cash outflow for amounts included in lease liabilities[a]	684	698

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

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

18. Other provisions

	Environmental
	€000
At 1 January 2022	35
New or increased provisions:	
Charged to profit and loss account	4
Unwinding of discount	1
At 31 December 2022	40

Following the transfer of aviation operations from the old Larnaca airport fuel terminal to the new fuel depot operated by Larnaca Fuelling System Ltd (LAFS) in October 2017, the old terminal site has been under demolishment and all the terminal assets will be demolished and decommissioned. An environmental provision of €40,000 was recognized, which is related to a possible groundwater and / or soil contamination at the old Larnaca airport site. The exact amount of the environmental remediation cost will be determined in year 2023 when the demolishment and decommissioning of the terminal assets will be completed and an Environmental Impact Assessment study will be conducted by an independent surveyor.

19. Share-based payments

Effect of share-based payment transactions on the company's result and financial position:

	2022	2021
	€000	€000
Total expense recognised for equity-settled share-based payment transactions	53	97
Total expense recognised for share-based payment transactions	53	97

All share-based payments transactions relate to employee compensation.

The share-based payment plans that operated during the year are detailed below:

Share Value Plan (SVP)
The number of units granted is related to the level of seniority of employees and country of operation. The number of units converted to shares is determined by reference to performance measures over the three-year performance period. Performance measures used include bp's total shareholder return (TSR) compared with the other oil majors, balanced scorecard and individual rating. The relative weighting of these different measures is related to the level of seniority of the employee.

Reinvent share plan (RSU/Options)
One-off share plan granted to all employees who have been selected to roles after the 'Reinvent BP' reorganization and also new joiners with start date in 2021. Number of units depend on global grade, GLs and SLLs receiving Options while grades G and below receiving Restricted Share Units (RSUs). All grants will vest in March 2025. The Reinvent bp share plan does not replace any existing share plan or reward programmes.

Savings and matching plans:

BP ShareMatch Plans
These matching share plans give employees the opportunity to buy ordinary shares in BP p.l.c. and receive free matching shares in BP p.l.c., up to a predetermined limit. The plans are run in the UK and in more than 50 other countries. They are known as ShareMatch UK in the UK, and as ShareMatch Global in other countries.

Fair values and associated details for restricted share units granted

Fair values and associated details share units granted	2022	2021
Share Value Plan (SVP)		
Number of share units granted	—	9,150
Weighted average fair value	€ —	€ 3.92
Fair value measurement basis	Market value	Market value
Reinvent Share Plan (RSU)		
Number of share units granted	—	28,000
Weighted average fair value	€ —	€ 3.82
Fair value measurement basis	Market value	Market value

20. Called up share capital

	2022	2021
	€000	€000
Issued and fully paid:		
5,220,002 ordinary shares of £1 each for a total nominal value of £5,220,002	6,378	6,378

21. 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.

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

Other reserves
This reserve records share-based payment transactions.

22. Guarantees and other financial commitments

(i) Legal cases against the company

In 2007, the company received a claim by Customs & Excise Department for the amount of €869,049 plus penalty of €86,905 and interest at a rate of 9% p.a., regarding the supply of Jet-A1 fuel to Joannou & Paraskevaides (Overseas) Limited, on which no VAT and Excise duty was charged during the period from 1 May 2004 to 30 September 2007.

On 25 October 2010, the Court decided that VAT should be charged but Excise Duty should not be charged. Both the Customs & Excise Department and the customer appealed to this decision. On 12 September 2016, on recourse 197/2010 the appeal court decided against the customer and the customer had agreed to a repayment schedule of the claim.

On 7 February 2019, the company was notified by the Liquidator (Grant Thornton) that Joannou & Paraskevaides (Aviation) Limited (the holding company of Joannou & Paraskevaides (Overseas) Limited) entered into compulsory winding up and the company declared again all outstanding balances, justifying and verifying these with the relevant evidence, as requested by the Liquidator.

Due to the fact that the outstanding balances declared by bp were under litigation, the liquidation was put into hold by the Liquidator until the litigation is complete. There has been no further progress through the current and previous financial years.

(ii) Guarantees

The company is contingently liable in respect of guarantees and indemnities provided to third parties of €1,453,847 (2021 €1,457,907) entered into as part of the ordinary course of the company's business. No material losses are likely to arise from these guarantees.

22. Guarantees and other financial commitments (continued)

(iii) Other contingent liabilities

(a) Demolishment and decommissioning of Larnaca terminal

The demolishment and decommissioning of the Larnaca terminal assets was executed and completed during year 2021 by the operator of the terminal, Hellenic Petroleum (Cyprus) Limited (HPC), in an effort to keep the cost at the minimum due to economies of scale. The total cost of the demolishment in the same year reached the amount of €429,833. There were no associated remediation costs for the land on which the Larnaca terminal was built, neither there were any associated environmental liabilities.

(b) Customs claims for private flights excise duty not charged

On 3 January 2017, the company received seven claims by Customs & Excise Department for the total amount of €6,531,687 plus penalty of €653,169 and interest at the prevailing interest rate during the period of reference, regarding the supply of Jet-A1 fuel to its General Aviation customers executing private business flights for the period from 2 January 2011 to 31 August 2016, without charging Excise Duty.

Following a Supreme Court decision on 12 September 2016, in the appeal case No. 197/2010 Republic of Cyprus via the Customs Department vs Joannou & Paraskevaides (Overseas) Limited ("the Decision") referred to in Note 22(i) above, the Customs Department of the Republic of Cyprus issued a revised tax circular on 4 November 2016 essentially clarifying that only outbound flights conducted for the purposes of the State Authorities or involving the “for consideration” transfer of persons or merchandise or provision of services, may be exempted from Excise Duty, whereas prior to the Decision those outbound flights conducted for the purposes of the State Authorities or not constituting private pleasure flights were considered as meriting the exemption.

In the Decision, the Supreme Court, based its ruling inter alia on the judgment of the Court of Justice of the European Union (CJEU) in the case C-79/10 Systeme Helmholz GmbH against Hauptzollamt Nurnberg. In this case the ECJ ruled that air transportation activities made by a company for the transfer of its own staff to clients or to trade fairs using its own aircraft for the purpose of performing its own business activities, cannot be equated with the use of aircraft for commercial purposes within the meaning and for the purposes of Article 14 (1) (b) of the Directive 2003/96 and are not, therefore, included within the specific provision of the tax exemption for aviation fuel, since they relate to air navigation activities not directly serving the provision of air navigation services for a consideration.

Prima facie, Cypriot Customs are allowed by statute to go back 6 years and claim due taxes. In view of this and the Decision, Cypriot Customs have made claims for Excise Duty (plus VAT thereon) in connection with the refuelling of aircraft which took place at Larnaca and Paphos airports from 1 January 2011 onwards.

It should be noted that this is an industry wide issue in Cyprus and all fuel suppliers operating at the airports, face the same issue. Total exposure for the period 2 January 2011 - 31 August 2016 for the industry is estimated around €12m excluding penalties and interest. Accordingly, legal and other steps were undertaken by the affected fuel companies to meet the challenge facing them. At this early stage, it is difficult to make an assessment of the outcome of this case, but management believes that it is more likely than not to succeed in setting aside this claim in its entirety.

On 28 February 2017, the company objected to the Director of Customs & Excise Department for all seven claims, providing all legal and tax argumentations supporting its case and requesting the Customs & Excise Department to re-examine and withdraw the claims.

On 16 March 2017, the company filed seven recourses, one for each claim, before the District Court of Cyprus.

22. Guarantees and other financial commitments (continued)

(iii) Other contingent liabilities (continued)

(b) Customs claims for private flights excise duty not charged (continued)

On 15 January 2018, the Customs & Excise Department replied negatively to the company's objections by rejecting almost all of its argumentations.

On 20 March 2018, the company has filed seven new recourses, one for each claim, in response to the negative reply received from Customs & Excise Department. At a later stage, following the Court's instructions, the older recourses filed in 2017 were withdrawn, whereas the new recourses filed in 2018 were maintained.

On 19 November 2020, the Republic of Cyprus files a request for joint hearing of the above recourses, so that all recourses for all oil companies are heard together at Court. The company filed an objection against the joint hearing.

In June 2021, an interim judgement of the Administrative Court of Cyprus was published on the above request. The request of the Republic of Cyprus was accepted and an order for the joint hearing was issued.

The joint recourses are still pending and after a few postponements they have been set for clarification on 3 October 2023. In the meantime, both sites have filed their written argumentations and have replied to each other's arguments as well.

(c) Other

Further to the above, there are a number of claims made against the company arising from the ordinary course of its business from which no material losses are likely to arise.

23. Related party transactions

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

24. Pensions

(i) Description of the retirement benefits plans

The retirement benefit plans comprise of one plan of a defined contribution type and three plans of an overall defined benefit type. All plans are operated under the BP Pensioenfonds OFP plan, a BP Pan-European Cross Border plan registered and domiciled in Belgium.

The charge to the profit and loss account during the year for the defined contribution plan amounted to €39,324 (2021 €51,241).

"The Non Contributory Pension Fund" is the main retirement defined benefit plan and provides benefits based on final pensionable pay. The assets of the plan are held separately from those of the company are being invested with financial institutions.

24. Pensions (continued)

(ii) Actuarial valuation assumptions

The company has commissioned an actuary valuation of its plan liabilities as at 31 December 2022. The valuation was carried out by a qualified independent actuary on an on-going valuation basis using the projected unit credit valuation method.

The pension assumptions are set out below. The assumptions used to evaluate accrued pension benefits at 31 December are used to determine pension expense for the following year, that is, the assumptions at 31 December 2022 are used to determine the pension liabilities at that date and the pension cost for 2023.

	2022	2021
	% p.a.	% p.a.
Price inflation	2.10	1.60
Total salary increases	4.00	3.50
Discount rate	4.10	1.10
Expected return on assets	4.10	1.10
Pension increases	1.05	0.80
SIS Pension increases	1.05	0.80
Increase in insurable earning	3.10	2.60
Normal Retirement Age	61.00	61.00
Average future working life	13.95	14.90

Under the current plan rules, there is no obligation to grant increases to pensions. Although the company had previously decided to provide for the pension increases based on the discretionary practice for previous years, due to a 2013 legislation voted in by the Parliament, in order to comply with the Cyprus ‘bail-out’ programme signed by the Cyprus Government and the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF) (the Troika) - which put into suspension any Cost of Living Allowance (COLA) increases on salaries and pensions in the public sector and the broader public sector for the years 2013 -2016, the company had also decided not to provide any pension increases for the years 2013-2016, in line with the above mentioned legislation and the Social Insurance Department decision on state pensions.

According to the terms of the Memorandum agreed between the Cyprus Government and the Troika, from 2017 onwards, increases to the Social Insurance Supplementary State pensions will be assumed to be in line with 50% of the prevailing inflation rate.

On 28 July 2017, a transitional agreement was endorsed and signed between the Cyprus Government and the social partners that would enable the reactivation of COLA as from 1 January 2018. The transitional agreement provides for the following:

- the calculation and disbursement of COLA once a year (on 1 January);
- the disbursement of COLA at a reduced rate of 50%;
- the incorporation of the accumulative COLA rate into basic salaries on 31 December 2017 and a new start of COLA rate accumulation from zero; and
- the suspension of COLA in the event of economic contraction in both the second and third quarters of the preceding year.

The agreement is due to apply for a transitional period of 3 years, covering the years 2018, 2019 and 2020. The transitional period was used to negotiate an agreement for a permanent reform of COLA and although the social partners were committed to engage in social dialogue towards this end, no permanent reform was achieved. The agreement applies only in the private sector. Based on this extended transitional agreement, the pension increases applied for the year 2018, 2019 and 2020 were 0.28%, 0.76% and 0.23% respectively.

24. Pensions (continued)

(ii) Actuarial valuation assumptions (continued)

For the year 2021 and 2022, a further extension of the above transitional agreement was later agreed for another two years. For the year 2022, because inflation rate for the previous year was at 2.54%, the COLA increase that had to be applied was 1.27% whereas for year 2021 due to the fact that the inflation rate for the previous year was negative at -0.66%, the COLA increase applied for the year 2021 was Nil. Therefore, for the year 2022 and in accordance to the further extension of transitional agreement as referred to above, the company provided pension increases of 1.27% (2021 Nil).

It is worth nothing that for the years 2022 and 2021 the assumed inflation rates for the preparation of the actuarial valuation were 2.10% and 1.60% respectively, which reflect the best estimate of long-term inflation for the Eurozone countries. Therefore, in accordance with the above transitional agreement, the assumed pension increases used for actuarial valuation purposes were 1.05% and 0.80%, respectively (see assumptions above).

(iii) Actuarial valuation results

The valuation showed that the value of the company's plan liabilities as at 31 December 2022 was €5,113,406 (2021 €6,632,375). The surplus in the company's plan as at 31 December 2022, recognised in the balance sheet, as measured in accordance with requirements of FRS101, is estimated at net asset of €768,109 (2021 €1,101,631), as follows:

	2022	2021
	€	€
Amounts recognised in the balance sheet		
Total market value of assets	5,881,515	7,734,006
Present value of plan liabilities	(5,113,406)	(6,632,375)
Gross asset recognised in the balance sheet	768,109	1,101,631
Related deferred tax liability	(96,014)	(137,704)
Asset net of deferred tax liability	672,095	963,927

The various categories of plan assets are:

	2022	2021
	€	€
Property (Cyprus)	835,000	835,000
Bonds	2,723,236	3,810,321
Equities	1,929,204	3,087,995
Property (European)	264,677	—
Cash	129,398	690
	5,881,515	7,734,006

According to the 2022 actuarial valuation, the total funding contribution rate for the future years is estimated at 8.90% of pensionable pay (2021 17.90%), assuming that the discretionary pension increases of 1.27% (2021 Nil) will be payable.

24. Pensions (continued)

(iii) Actuarial valuation results (continued)

During 2022, the total contributions paid to the defined benefit plan for the year were €70,591 (2021 €492,802). Of these, the normal contributions were €101,591 (2021 €170,802) and the surplus offset was €31,000 (2021 additional funding contributions €322,000). This was made up of an amount used from the surplus of €195,000 (2021 additional deficit funding contribution of €96,000) and additional funding contributions for management, death and disability reinsurance costs contribution of €164,000 (2021 €226,000). This has been a requirement of the Financial Services and Markets Authority (FSMA) in Belgium, which is the Belgian Regulatory Authority for Occupational Retirement Plans.

The additional funding represents the funding deficit as calculated by an independent actuary, AON Solutions, using previous year's data (for 2022 funding valuation used 31 December 2021 data and for 2021 funding valuation used 31 December 2020 data) and applying FSMA required assumptions. This was calculated based on an Long-Term Provision/Short Term Provisions (LTP/STP) methodology using a discount rate of 3.75% (2021 0.77%), as required by FSMA. The difference between LTP/STP methodology to the Projected Benefit Obligation (PBO) methodology used for IFRS purposes is that LTP/STP does not allow any future salary increases.

	2022	2021
	€	€
Amounts recognised in the profit and loss account		
Current service cost	106,820	180,307
Net interest (income) / charge	(14,333)	1,013
Total profit and loss charge	92,487	181,320
Amounts recognised in statement of comprehensive income (CI)		
Return on plan assets above the amounts included in the income statement	(1,289,603)	599,431
Actuarial (loss) / gain arising from experience adjustments	(466,907)	152,948
Actuarial gain arising from changes in assumptions	1,444,884	277,923
Actuarial (loss) / gain recognised in the statement of CI	(311,626)	1,030,302
Movement in the fair value of plan assets during the year		
Fair value of plan assets at 1 January	7,734,006	8,110,409
Expected return on plan assets	83,597	55,137
Regular contributions by employer	70,591	170,802
Deficit contributions by employer	—	96,000
Management costs, death and disability reinsurance costs contributions by employer	—	226,000
Benefit payments	(717,076)	(1,523,773)
Actuarial (loss) / gain on plan assets	(1,289,603)	599,431
Fair value of plan assets at 31 December	5,881,515	7,734,006

24. Pensions (continued)

(iii) Actuarial valuation results (continued)

	2022	2021
	€	€
Movement in defined benefit plan liabilities during the year		
Benefit obligation at 1 January	(6,632,375)	(8,350,562)
Current service cost	(106,820)	(180,307)
Net Interest charge	(69,264)	(56,150)
Benefit payments	717,076	1,523,773
Actuarial gain on benefit obligation - financial assumptions	1,444,884	277,923
Actuarial (loss) / gain on benefit obligation - experience adjustments	(466,907)	152,948
Defined benefit obligation at 31 December	(5,113,406)	(6,632,375)
Movement in gross asset / (liability) in the balance sheet		
Gross asset / (liability) at 1 January	1,101,631	(240,153)
Actual contributions paid by employer	70,591	492,802
Total expense recognised in the income statement	(92,487)	(181,320)
Gross asset in the balance sheet before adjustment	1,079,735	71,329
Amount recognised in the statement of CI	(311,626)	1,030,302
Gross asset at 31 December	768,109	1,101,631

(iv) Sensitivity analysis

The discount rate and inflation rate have a significant effect on the amounts reported. A sensitivity analysis of the impact of changes in these assumptions on the benefit expense and obligation, is provided below.

	Central Assumptions	Discount rate + 0.5%	Salary inflation rate + 0.5%
	€	€	€
Amounts recognised in the profit and loss for 2023			
Current service cost	71,326	66,467	81,213
Net interest income	(32,997)	(45,718)	(27,182)
Total profit and loss charge	38,329	20,749	54,031
Impact %	—	*-45.9%*	*+41.0%*
Amounts recognised in the balance sheet			
Present value of plan liabilities	5,113,406	4,924,342	5,255,238
Impact %	—	*-3.7%*	*+2.8%*

25. Other post-retirement benefits

(i) Actuarial valuation assumptions

The company provides post-retirement medical benefits to its retired employees and dependants. The cost of providing post-retirement benefits is assessed by independent actuaries using the projected unit method. The date of the latest actuarial valuation was 31 December 2022.

The key financial assumptions used for the medical fund are set out below. The assumptions used to evaluate medical fund benefits at 31 December in the year are used to determine medical fund expense for the following year, that is, the assumptions at 31 December 2022 are used to determine the medical fund liabilities at that date and the medical fund cost for 2023.

	2022	2021
	% p.a.	% p.a.
Discount rate	4.10	1.10
Medical inflation rate	3.90	2.80
Medical incidence claim increase	1.50	1.50
Price inflation	2.10	1.60

(ii) Actuarial valuation results

The valuation showed that the value of the company's plan liabilities as at 31 December 2022 was €1,507,532 (2021 €2,375,362). The deficit in the company's plan as at 31 December 2022, recognised in the balance sheet, as measured in accordance with requirements of FRS 101, is estimated at €1,507,532 (2021 €2,375,362), as follows:

	2022	2021
	€	€
Amounts recognised in the balance sheet		
Present value of plan liabilities	(1,507,532)	(2,375,362)
Gross liability recognised in the balance sheet	(1,507,532)	(2,375,362)
Related deferred tax asset	188,442	296,920
Liability net of deferred tax asset	(1,319,090)	(2,078,442)
Amounts recognised in the profit and loss		
Current service cost	39,561	43,373
Net interest cost	25,518	16,142
Total operating charge	65,079	59,515
Amounts recognised in statement of comprehensive income (CI)		
Experience gains / (loss) arising on the scheme liabilities	387,798	(60,168)
Changes in assumptions underlying the present value of scheme liabilities	491,579	50,033
Actuarial gain / (loss) recognised in the statement of CI	879,377	(10,135)

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25. Other post-retirement benefits (continued)

(ii) Actuarial valuation results (continued)

	2022	2021
	€	€
Movement in defined benefit plan liabilities during the year		
Benefit obligation at 1 January	(2,375,362)	(2,360,728)
Current service cost	(39,561)	(43,373)
Benefit payments	53,532	55,016
Net interest charge	(25,518)	(16,142)
Actuarial gain / (loss) on obligation	879,377	(10,135)
Defined benefit plan liability at 31 December	(1,507,532)	(2,375,362)
Movement in gross liability in the balance sheet		
Gross liability at 1 January	(2,375,362)	(2,360,728)
Actual contributions paid by employer	53,532	55,016
Total expense recognised in the income statement	(65,079)	(59,515)
Gross liability in the balance sheet before adjustment	(2,386,909)	(2,365,227)
Amount recognised in the statement of CI	879,377	(10,135)
Gross liability at 31 December	(1,507,532)	(2,375,362)

(iii) Sensitivity analysis

The discount rate and inflation rate have a significant effect on the amounts reported. A sensitivity analysis of the impact of changes in these assumptions on the benefit expense and obligation, is provided below.

	Central Assumptions	Discount rate + 0.5%	Medical inflation rate + 0.5% *
	€	€	€
Amounts recognised in the profit and loss for 2023			
Current service cost	19,847	17,583	22,541
Net interest charge	59,803	63,016	63,758
Total profit and loss charge	79,650	80,599	86,299
Impact %	—	*+1.2%*	*+8.3%*
Amounts recognised in the balance sheet			
Present value of plan liabilities	1,507,532	1,418,832	1,604,107
Impact %	—	*-5.9%*	*+6.4%*

* the healthcare cost trend rate is embedded in the medical inflation rate

26. Immediate and ultimate controlling parent undertaking

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

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