BP ENERGY EUROPE LIMITED
(Registered No.SC107896)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

Board of Directors: A Lopez Vinuesa
R J Harrison
J K Tate

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2020.

STRATEGIC REPORT

Results

The loss for the year after taxation was €742,244 which, when added to the accumulated loss brought forward at 1 January 2020 of €6,467,418, gives a total accumulated loss carried forward at 31 December 2020 of €7,209,662.

Principal activities and review of the business

During 2019 the company discontinued its operations and has ceased to trade. The cessation of trade caused the going concern assumption to be revoked for the 2018 accounts and the accounts were prepared on a basis other than that of a going concern for 2018 and 2019. The 2020 accounts have been prepared on the same basis. The balance sheet position at the year end remained with no modifications other than moving all non-current assets and liabilities to current assets and liabilities.

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

	2020	2019	Variance
	€	€	%
Turnover	11,919	467,575,234	(100)
Operating profit	(424,797)	30,173,473	(101)
Profit for the year	(742,244)	29,166,461	(103)
Total equity	61,248,130	61,990,374	(1)

	2020	2019	Variance
	%	%	
Quick ratio*	108,217	181	108,036

*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.

The decrease in turnover in 2020 has arisen from the transfer of the remaining Italian activity to BP Gas Marketing Limited and the cessation of trade from 30 June 2019. The decrease in total equity is attributable to the loss for the year.

The rise in the quick ratio is mainly attributed to a decrease in trade creditors following the cessation of trade.

Section 172 (1) statement

In governing the company on behalf of its shareholders and discharging their duties under section 172, the board has had regard to the factors set out in section 172 (see below) and other factors which the board considers appropriate.

Section 172 factors

Section 172 requires directors to have regard to the following in performing their duties, and as part of the process are required to consider, where relevant:

a. The likely long-term consequences of the decision.
b. The interests of the company's employees.
c. The need to foster the company's business relationships with suppliers, customers and others.
d. The impact of the company's operations on the community and the environment.
e. The desire to maintain the company's reputation for high standards of business conduct.
f. The need to act fairly between members of the company.

To support the directors in the discharge of their duties, and whilst making a decision on behalf of the company, the directors have access to functional assurance support to identify matters which may have an impact on the proposed decision including, where relevant, section 172 factors as outlined above.

The principal decisions taken by the directors in 2019 included the decision to sell the business undertaken by the branch in Italy to BP Gas Marketing Limited, for consideration of EUR €67,000,000 with the exact consideration amount to be fixed following the completion of an external valuation The relevant factors taken into account during the decision making process, in furtherance of the company's purpose, were to ensure a strategic long term solution to simplify the business.

Matters identified that may affect the company's performance in the long term are set out in the principal risks disclosed in the strategic report below.

The company has engaged with key stakeholders and the outcome from such engagement has been considered by the directors during the decision making process where appropriate. Refer to the directors report on stakeholder engagement.

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management for the bp group.

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 2020.

The company ceased to trade on 30 June 2019, with all the open contracts being novated to BP Gas Marketing Limited at fair value.

The Directors are of the view that the preparation of the financial statements on a basis other than that of a going concern is appropriate, to reflect the wind-down status of the Company and present the Company's net asset value accordingly. The financial statements should reflect the circumstances existing at the end of the reporting period and as the company has ceased to trade on 30 June 2019, it no longer meets the going concern assertion.

Reporting on a basis other than that of a going concern entails writing assets down to their net realisable value based on conditions existing at the end of the reporting period and providing for contractual commitments which may have become onerous as a consequence of the decision to wind down the entity.

Strategic and commercial risks

Geopolitical

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment could cause business disruption. These may in turn limit the company's ability to pursue new opportunities, affect the recoverability of its assets or cause it to incur additional costs. 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 a future epidemic or pandemic) may disrupt or curtail its operations or development activities.

The impact of the UK's exit from the EU

bp have been assessing the potential impact on the group of Brexit and the UK's future global relationships and have not identified any significant risk to the business.

The impact of coronavirus (COVID-19)

The spread of COVID-19 has caused significant volatility in the oil and gas prices and refining margins. bp's future financial performance will be impacted by the extent and duration of the current market conditions and the effectiveness of the actions that it and others take, including its financial interventions. bp's financial frame is designed to be robust to periods of low price, with flexibility to reduce cost and capital expenditure if required. We continue to assess the impact of COVID-19.

Insurance

The bp group's insurance strategy could expose the bp group to material uninsured losses which in turn could adversely affect the company.

Compliance and control risks

Ethical misconduct and non-compliance

Ethical misconduct or breaches of applicable laws by the company's businesses or its employees could be damaging to its reputation, and could result in litigation, regulatory action and penalties.

Regulation

Changes in the law and regulation could increase costs, constrain the company's operations and affect its business plans and financial performance.

Treasury and trading activities

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

Reporting

Failure to accurately report the company's data could lead to regulatory action, legal liability and reputational damage.

The impact of reinventing bp on the organization

Last year it was announced that we are reinventing bp to help deliver our ambition. This significant reorganization includes a new structure, a new leadership team, new ways of working and a reduction in the size of bp's office based workforce. The risks associated with these changes have been identified, assessed and managed with the support of project management offices. As part of bp's three lines of defence, our businesses, integrators, enablers and internal audit are working to deliver clear accountabilities and the associated planned workload reduction. All individuals changing roles or leaving bp are required to complete a management of change.

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 2020.

Authorized for issue on behalf of the Board

DocuSigned by:
Robert Harrison 28-Sep-2021
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R J Harrison
Director

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP ENERGY EUROPE LIMITED

Directors

The present directors are listed on page 1.

There have been no director appointments or resignations since 1 January 2020.

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 (2019 €Nil). The directors do not propose the payment of a dividend.

Going concern

During 2019 the company discontinued its operations and ceased to trade. The cessation of trade caused the going concern assumption to be revoked for the 2018 accounts and the accounts were prepared on a basis other than that of a going concern for 2018 and 2019. The 2020 accounts have been prepared on the same basis. The balance sheet position at the year end remains with no modifications other than moving all non-current assets and liabilities to current assets and liabilities.

Liquidity and financing is managed within bp under pooled group-wide arrangements which include the company. As part of assuring the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has been taken into consideration. The bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity extending at least twelve months from the date of approval of these financial statements has been assessed at a group level under a number of scenarios and a reverse stress test performed to support the group's going concern assertion. In addition, group management of bp have confirmed that the existing intra-group funding and liquidity arrangements as currently constituted are expected to continue for the foreseeable future, being no less than twelve months from the approval of these financial statements.

In assessing the prospects of BP Energy Europe 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.

The directors believe that the company is no longer a going concern, but the company remains in a net asset position and has the ability to meet all the company's liabilities as they fall due. It is the intention of the directors that the company will remain open until the settlement of the discontinued operations is completed. The financial statements have been prepared on a basis other than going concern.

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years. Despite the novation of all the contracts to BP Gas Marketing Limited the company remains solvent. The branch will remain open and it is the intention of the directors that the company will remain open until the settlement of the discontinued operations is completed at which point the company will become dormant.

Branches

The company has an overseas branch in Italy, which is a European Union member state. The directors made the decision sell the business undertaken by the branch in Italy to BP Gas Marketing Limited and the company has ceased to trade on 30 June 2019.

Stakeholder statement

Engagement with other stakeholders

The board of directors of the company aims to foster enduring relationships with governments, customers, partners, suppliers and communities in the countries where it operates. The directors work with business partners in an honest, respectful and responsible way and seek to work with others who share the company's commitments to safety and ethics and compliance.

The company's activities, and the decisions of its directors, affect a wide variety of individuals and organizations. The directors engage with these stakeholders and listen to their differing needs and priorities as an everyday part of business, utilising the input and feedback to inform the directors' decision making process on behalf of the company.

As noted in the section 172 (1) statement, responsibility for decisions that impact the entire group is taken at BP p.l.c. level. On behalf of the company, the bp group is a member of industry associations that offer opportunities to share good practices and collaborate on issues of importance. Additionally, the bp group works with governments on a range of issues that are relevant to its business, from regulatory compliance, to understanding tax liabilities, to collaborating on community initiatives.

The bp group also seeks to engage with customers through forums such as social media, focus groups and in-depth interviews with customers to better understand customer's needs and seek their feedback.

Please refer to the strategic report evidencing how the bp group and the company, where relevant, engages with its key stakeholders when taking principal decisions of the company, where applicable, which includes suppliers, customers, and other business relationships.

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.

Authorized for issue by Order of the Board

DocuSigned by:
Robert Harrison 28-Sep-2021
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R J Harrison
Director

Registered Office:

Chertsey Road
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Middlesex
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United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT

OF THE FINANCIAL STATEMENTS

BP ENERGY EUROPE 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 ENERGY EUROPE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BP Energy Europe Limited (the company):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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 15.

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.

Emphasis of matter - Financial statements prepared other than that of a going concern

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 those charged with governance about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and 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 such as valuations, IT and industry specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

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 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.

INDEPENDENT AUDITOR'S REPORT

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:
Rizwan Majid 28-Sep-2021
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Rizwan Majid, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP, Statutory Auditor
London, UK

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

BP ENERGY EUROPE LIMITED

	Note	2020	2019
		€	€
Turnover	**3**	11,919	467,575,234
Cost of sales		—	(395,707,354)
Gross profit		11,919	71,867,880
Distribution and marketing expenses		(57,716)	(31,735,619)
Administrative expenses		(354,286)	(3,858,788)
Loss on sale or termination of operations		(24,714)	(6,100,000)
Operating profit	**4**	(424,797)	30,173,473
Interest receivable and similar income	**6**	—	12,606
Interest payable and similar expenses	**7**	(515,043)	(326,586)
Profit before taxation		(939,840)	29,859,493
Taxation	**8**	197,596	(693,032)
Profit for the year		(742,244)	29,166,461

The loss of €742,244 for the year ended 31 December 2020 was derived in its entirety from discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

BP ENERGY EUROPE LIMITED

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

BALANCE SHEET

AT 31 DECEMBER 2020

BP ENERGY EUROPE LIMITED
(Registered No.SC107896)

	Note	2020 €	2019 €
Current assets			
Debtors – amounts falling due: within one year	**10**	61,304,780	138,587,085
Cash at bank and in hand		—	248,844
		61,304,780	138,835,929
Creditors: amounts falling due within one year	**11**	(56,650)	(76,845,555)
Net current assets		61,248,130	61,990,374
TOTAL ASSETS LESS CURRENT LIABILITIES		61,248,130	61,990,374
NET ASSETS		61,248,130	61,990,374
Capital and reserves			
Called up share capital	**12**	68,457,792	68,457,792
Profit and loss account	**13**	(7,209,662)	(6,467,418)
TOTAL EQUITY		61,248,130	61,990,374

Authorized for issue on behalf of the Board

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Robert Harrison 28-Sep-2021
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R J Harrison
Director

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

BP ENERGY EUROPE LIMITED

	Called up share capital (Note 12)	Profit and loss account (Note 13)	Total
	€	€	€
Balance at 1 January 2019	68,457,792	(35,633,879)	32,823,913
Profit for the year, representing total comprehensive income	—	29,166,461	29,166,461
Balance at 31 December 2019	68,457,792	(6,467,418)	61,990,374
Loss for the year, representing total comprehensive income	—	(742,244)	(742,244)
Balance at 31 December 2020	68,457,792	(7,209,662)	61,248,130

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

The financial statements of BP Energy Europe Limited for the year ended 31 December 2020 were approved by the board of directors on 28 September 2021 and the balance sheet was signed on the board's behalf by R J Harrison. BP Energy Europe Limited is a private company, limited by shares incorporated, domiciled and registered in Scotland (registered number SC107896). The company's registered office is at 1 Wellheads Avenue, Dyce, Aberdeen, AB21 7PB. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

2. 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 accounts have been prepared on a basis other than that of a going concern. All balance sheet items have been moved to current and have been presented at the net realisable value as at the end of the reporting period.

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

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 IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
(c) 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;
(d) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) 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;
(g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
(h) 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.
(i) the requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

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 15.

The financial statements are presented in euros and all values are rounded to the nearest whole number in euros (€).

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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. There were no critical accounting judgements or estimates identified that would have a significant impact on the amounts recognized in the financial statements, or create a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant accounting policies

Going concern

The directors have a reasonable expectation that the company has adequate resources to settle its obligations. Due to the cessation of trade, the company no longer meets the definition of a going concern and the financial statements have therefore been prepared on a basis other than that of a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

For further detail on the directors' going concern assessment, please refer to the directors' report.

Foreign currency

The functional and presentation currency of the financial statements is euros. 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.

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. Financial assets have been presented at net realisable value at the end of the reporting period. 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. This includes the derecognition of receivables for which discounting arrangements are entered into.

Financial liabilities

At the end of the reporting period, financial liabilities have been presented at the best estimate of the amounts required to settle the obligations.

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.

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.

Pensions

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

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 and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

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 and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

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 natural gas, natural gas liquids, LNG, and other items usually coincides with title passing to the customer and the customer taking physical possession. The company principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant.

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

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

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

Interest income

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

Finance costs

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

Impact of new International Financial Reporting Standards

bp adopted ‘Interest Rate Benchmark Reform – Phase I – Amendments to IFRS 9 ‘Financial instruments’ and IFRS 7 ‘Financial instruments: Disclosures’ with effect from 1 January 2020. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the company’s financial statements.

The adoption of ‘Interest Rate Benchmark Reform – Phase I – Amendments to IFRS 9 ‘Financial instruments’ and IFRS 7 ‘Financial instruments: Disclosures’ has had no material impact on the company's financial statements.

3. Turnover

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

	2020	2019
	€	€
Revenue from contracts with customers	11,919	448,152,102
Group gain/(loss) sharing arrangements	—	(2,141,921)
Held for trading gain/(loss)	—	21,565,053
	11,919	467,575,234
Interest receivable and similar income (Note 6)	—	12,606
	11,919	467,587,840

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

	2020	2019
	€	€
Class of business:		
Upstream	11,919	467,575,234
Total	11,919	467,575,234

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

	2020	2019
	€	€
By geographical area:		
Europe	11,919	467,575,234
Total	11,919	467,575,234

4. Operating profit / loss

This is stated after charging:

	2020	2019
	€	€
Net foreign exchange (gains) / losses	(132,599)	(1,021,606)
Loss on sale or termination of operations	24,714	6,100,000

*The loss on sale or termination of operations arose from selling off of gas and power contracts in Italy.

5. Auditor's remuneration

	2020	2019
	€	€
Fees for the audit of the company	20,396	44,761

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

The fees were borne by another group company.

6. Interest receivable and similar income

	2020	2019
	€	€
Interest income from other loans and receivables	—	12,606
Total interest receivable and similar income	—	12,606

7. Interest payable and similar expenses

	2020	2019
	€	€
Interest expense on:		
Loans from group undertakings	515,043	326,180
Other loans	—	406
Total interest payable and similar expenses	515,043	326,586

8. 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:

	2020	2019
Current tax	€	€
Overseas tax on income for the year	(197,596)	693,032
Tax charged on profit	(197,596)	693,032

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is higher than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2020 (2019 19%). The differences are reconciled below:

	2020	2019
	UK	UK
	€	€
Profit / (loss) before tax	(939,840)	29,859,493
Tax (credit)/charge	(197,596)	693,032
Effective tax rate	21 %	2 %

	2020	2019
	UK	UK
	%	%
UK corporation tax rate:	19	19
Overseas corporation tax rate:	—	—
Increase / (decrease) resulting from:		
Non-taxable income	(1)	2
Double tax relief	—	(6)
Free group relief	(11)	(13)
Adjustments to tax charge in respect of previous years	21	—
Movements in unrecognised deferred tax	(7)	—
Effective tax rate	21	2

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

Change in corporation tax rate

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Deferred tax assets/liabilities at 31 December 2020 have been calculated based on this rate of 19% (2019: 17%).

(b) Provision for deferred tax

Deferred tax has not been recognised on deductible temporary differences relating to unutilised overseas tax credits of €2,224,998 (2019: €2,224,998), short timing differences of €286,413 (2019:€327,329), trade losses of €6,360,141 (2019: €6,360,141) and post cessation expenses and €400,083 (2019 €nil) with no fixed expiry date on the basis that they are UK tax attributes that are not expected to give rise to any future tax benefit.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

9. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2019 €95,000).

(b) Employee costs

	2020	2019
	€	€
Wages and salaries	13,326	55,637
Social security costs	175	1,924
Other pension costs	331,373	87,641
Share-based payment charge	—	54,630
	344,874	199,832

Included in other pension costs is €Nil (2019 €Nil) in respect of defined benefit scheme and €331,373 (2019 €87,641) in respect of defined contribution scheme.

(c) The average monthly number of employees during the year was 0 (2019 2).

10. Debtors

Amounts falling due within one year:

	2020	2019
	€	€
Trade debtors	321,402	182,425
Amounts owed from fellow subsidiaries	59,553,995	134,040,383
Other debtors	12,274	1,989,615
Prepayments and accrued income	—	231,676
Taxation	1,417,109	2,142,986
	61,304,780	138,587,085

The amounts owed from fellow subsidiaries comprise a variable rate funding account of €59.6m (2019 €134.0m). Interest is accrued on a monthly basis based on LIBOR. The interest rate at year end was LIBOR plus 11 basis points (2019 LIBOR plus 11 basis points).

11. Creditors

Amounts falling due within one year:

	2020	2019
	€	€
Trade creditors	—	40,387
Amounts owed to fellow subsidiaries	56,650	76,082,668
Taxation	—	693,032
Accruals and deferred income	—	29,468
	56,650	76,845,555

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.

Included within amounts payable to fellow subsidiaries is an interest-bearing funding account of €Nil (2019 €75,909,859) with BP International Limited, with interest being charged based on daily EUR LIBOR overnight rate plus 15 basis points, callable on demand.

12. Called up share capital

	2020	2019
	€	€
Issued and fully paid:		
100 ordinary shares of £1 each for a total nominal value of £100	119	119
68,457,673 ordinary shares of €1 each for a total nominal value of €68,457,673	68,457,673	68,457,673
	68,457,792	68,457,792

13. 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 accumulated losses of the company.

14. 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.

15. 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 parent undertaking of 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.