BP EXPLORATION BETA LIMITED
(Registered No.00895797)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

Board of Directors: K Maclennan
L A Whiting

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 was engaged in the exploration for and production and selling of hydrocarbons in Angola and in the United Kingdom.

Effective 1 July 2022, Azule Energy Exploration (Angola) Limited acquired 9.66% participating interest in Block 18 Offshore Angola from BP Exploration Beta Limited for a purchase price of $247,110,000 and thereby, the company has discontinued its operations within Angola.

The company also owns participating interests in the Chrysaor operated Southern Waters V-Fields (South Valiant (37.5%),Vampire (20%), Viscount (20%), Loggs (20%)) located in the North Sea of the United Kingdom. All production ceased in Southern Waters in 2018.

Results

The profit for the year after taxation was $182,001,000, which, when added to the retained profit brought forward at 1 January 2022 of $150,657,000 gives a total retained profit carried forward at 31 December 2022 of $332,658,000.

Review of the business

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

	2022 continuing operations	2021 continuing operations	Variance
	$000	$000	%
Turnover	(261)	87	-400
Operating profit	1,663	14,196	-88
Profit / (loss) for the year	(1,236)	4,418	-126
Total equity	892,754	710,753	26

	2022	2021	Variance
	%	%	
Quick ratio*	4,261	3,935	326

*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.

Quick ratio increased by 326% from 2021 to 2022. This increase was primarily driven by higher debtors within one year due to higher internal funding account balances in 2022.

Turnover has decreased by $348,000 to $(260,820) in 2022 (2021: $87,080), due to a one-time adjustment in tariff income.

During 2022, the company made an operating profit of $1,663,000 compared to $14,196,000 in 2021. The decrease of $12,533,000 is the result of a decrease in turnover (as explained above) partially offset by a decrease of $1,962,000 of cost of sales mainly due to movement in the PRT provision. Additionally operating profit increased due to the impact of impairment charges on tangible assets (2022: $1,357,000) and reversals of impairment of tangible assets (2021: $12,791,000) amounting to $14,148,000.

During the year, the company recognized a tax charge of $2,945,000 on its continuing operations compared to a charge of $9,116,000 in 2021. The decrease of $6,171,000 was driven by the year-on-year decrease in operating profit.

The increase in total equity was due to the profit for the 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 Act.

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 company has no employees.

c. The need to foster the company's business relationships with suppliers, customers and others
During 2022, the directors of the company reiterated its 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.

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. These plans were considered by the Board.

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 to ensure the Board and the company maintain a reputation for high standards of business conduct.

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.

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

During the period, the following principal decisions were taken by the company:

Principal decision	The relevant factors taken into account during the decision making process
During the year, the company entered into an agreement to sell its entire 9.66% interest in the Block 18 Offshore Angola Concession and Production Sharing Agreement as part of group divestment of Angolan assets and formation of the Azule joint venture with Eni.	The directors considered the impact of such a decision on the long-term prospects of the company, as well as whether the divestment at market value was in the best interests of the company.

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 gas, technological change, exchange rate fluctuations and the general macroeconomic outlook. Oil, gas and product prices are subject to international supply and demand and margins can be volatile. Political developments, 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.

Exchange rate fluctuations can create currency exposures and impact underlying costs and revenues.

Accessing and progressing hydrocarbon resources and low carbon opportunities
The company's ability to progress upstream resources and develop technologies at a level in line with the group's strategic outlook for hydrocarbon production could impact the company's future production and financial performance.

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.

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.

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.

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.

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.

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.

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

Security
Acts of terrorism, piracy, sabotage, activism and similar activities directed against the company's operations 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.

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 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:
Karen Maclennan
773D6D892C2945D...

K Maclennan
Director

September 28, 2023

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

DIRECTORS' REPORT

BP EXPLORATION BETA LIMITED

Directors

The present directors are listed on page 1.

K Maclennan and L A Whiting served as directors throughout the financial year. Changes since 1 January 2022 are as follows:

	Appointed	Resigned
A Bastos	—	1 December 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 $0). The directors do not propose the payment of a dividend (2021 $0).

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 page 4.

The profit from discontinued operations for the year ended 31 December 2022 was $183,237,000. The loss from continuing operations was $1,236,000. As at 31 December 2022, the company had positive net current assets of $897,547,000 and positive net assets amounting to $892,754,000. There is an Internal Financing Accounts (IFA) agreement in place between BP International Limited and BP Exploration Beta Limited which contains an overdraft facility of $200,000,000. The company's continuing operations consist of the decommissioning obligations of the Southern Waters V-Fields (South Valiant (37.5%),Vampire (20%), Viscount (20%), Loggs (20%)) located in the North Sea of the United Kingdom. Operations will continue till all the decommissioning work is finished.

In assessing the prospects of BP Exploration Beta 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.

The directors have no intention of closing the company. Although producing operations ceased, the company has decommissioning obligations of the South Waters V-Fields in United Kingdom. Operations will continue till all the decommissioning work is finished.

Branches

The company has an overseas branch established in Angola.

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:
Karen Maclennan
773D6D892C2945D...

K Maclennan
Director

September 28, 2023

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BP EXPLORATION BETA 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 EXPLORATION BETA LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BP Exploration Beta 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 22.

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.

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 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.

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.

INDEPENDENT AUDITOR'S REPORT

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:
Mikhail Raikhman
41E845A01A8B477...

Mikhail Raikhman, CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

September 28, 2023

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

BP EXPLORATION BETA LIMITED

	Note	2022 continuing operations	2022 discontinued operations	2022 Total	2021 continuing operations	2021 discontinued operations	2021 Total
		$000	$000	$000	$000	$000	$000
Turnover	3	(261)	93,868	93,607	87	72,327	72,414
Cost of sales		3,281	(31,363)	(28,082)	1,319	(64,056)	(62,737)
Gross profit		3,020	62,505	65,525	1,406	8,271	9,677
Administrative expenses		—	(381)	(381)	(1)	(507)	(508)
Impairment of intangible assets	12	—	—	—	—	(14)	(14)
Impairment of tangible assets	12	(1,357)	—	(1,357)	—	—	—
Reversal of impairment of tangible assets	12	—	—	—	12,791	7,896	20,687
Operating profit	4	1,663	62,124	63,787	14,196	15,646	29,842
Interest receivable and similar income	6	660	15,551	16,211	26	391	417
Interest payable and similar charges	7	(614)	(322)	(936)	(688)	(777)	(1,465)
Gain on sale of discontinued operations	9	—	101,959	101,959	—	—	—
Profit before taxation		1,709	179,312	181,021	13,534	15,260	28,794
Tax on profit	8	(2,945)	3,925	980	(9,116)	(11,083)	(20,199)
Profit / (loss) for the year		(1,236)	183,237	182,001	4,418	4,177	8,595

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

BP EXPLORATION BETA LIMITED

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

BALANCE SHEET
AS AT 31 DECEMBER 2022

BP EXPLORATION BETA LIMITED

	Note	2022 $000	2021 $000
Fixed assets			
Intangible assets	**11**	—	9,340
Tangible assets	**12**	—	181,996
		—	191,336
Current assets			
Stocks	**13**	—	15,949
Debtors – amounts falling due:			
within one year	**14**	916,992	639,993
after one year	**14**	2,077	3,282
Cash at bank and in hand		—	840
		919,070	660,064
Creditors: amounts falling due within one year	**15**	(21,523)	(16,286)
Lease liabilities	**16**	—	(102)
Net current assets		897,547	643,676
TOTAL ASSETS LESS CURRENT LIABILITIES		897,547	835,012
Provisions for liabilities and charges			
Deferred tax liability	**8**	—	(25,128)
Other provisions	**18**	(4,793)	(99,131)
NET ASSETS		892,754	710,753
Capital and reserves			
Called up share capital	**19**	560,096	560,096
Profit and loss account	**20**	332,658	150,657
TOTAL EQUITY		892,754	710,753

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

DocuSigned by:
Karen Maclennan
773D6D892C2945D...

K Maclennan
Director

September 28, 2023

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

BP EXPLORATION BETA LIMITED

	Called up share capital (Note 19)	Profit and loss account (Note 20)	Total
	$000	$000	$000
Balance at 1 January 2021	560,096	142,062	702,158
Profit for the year, representing total comprehensive income	—	8,595	8,595
Balance at 31 December 2021	560,096	150,657	710,753
Balance at 1 January 2022	560,096	150,657	710,753
Profit for the year, representing total comprehensive income	—	182,001	182,001
Balance at 31 December 2022	560,096	332,658	892,754

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

The financial statements of BP Exploration Beta Limited for the year ended 31 December 2022 were approved by the board of directors on 28/09/2023 and the balance sheet was signed on the board's behalf by K Maclennan. BP Exploration Beta Limited is a private company, limited by shares, incorporated, domiciled and registered in England and Wales (registered number 00895797). The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

2. 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;
    (iv) paragraph 118(e) of IAS 38 Intangible Assets;
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 IFRS 7 Financial Instruments: Disclosures;
i. the requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

j. The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
k. The requirements of paragraph 58 of IFRS 16 Leases, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

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 22.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars ($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 area requiring the most significant judgement and estimation in the preparation of the financial statements is decommissioning provisions.

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

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

Climate change, the energy transition, bp's strategy to 2030 and ambition to become a net-zero company by 2050 or sooner were considered in preparing the financial statements. These issues may also have significant impacts on the currently reported amounts of the company's assets and liabilities discussed below as well as similar assets and liabilities that may be recognized in the future. bp's assumptions for investment appraisal help create an investment decision making framework for currently unsanctioned future capital expenditure on property, plant and equipment, and intangibles including exploration and appraisal assets, that is designed to support the effective and resilient implementation of bp's strategy. The price assumptions used for investment appraisal include oil and gas price assumptions, which are producer prices and are therefore net of any future carbon prices that the purchaser may be required to pay, and an assumption of a single carbon emissions cost imposed on the producer in respect of operational greenhouse gas (GHG) emissions (carbon dioxide and methane) in order to incentivize engineering solutions to mitigate GHG emissions on projects. bp's oil and gas price assumptions for value-in-use impairment testing are aligned with those investment appraisal assumptions, except for 2023 oil and gas prices which reflect near-term market conditions. The assumptions for future carbon emissions costs in value-in-use impairment testing differ from the investment appraisal assumptions and are described below.

Provisions: decommissioning

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

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

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.

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 page 4.

The profit from discontinued operations for the year ended 31 December 2022 was $183,237,000. The loss from continuing operations was $1,236,000. As at 31 December 2022, the company had positive net current assets of $897,547,000 and positive net assets amounting to $892,754,000. There is an Internal Financing Accounts (IFA) agreement in place between BP International Limited and BP Exploration Beta Limited which contains an overdraft facility of $200,000,000. The company's continuing operations consists of the decommissioning obligations of the Southern Waters V-Fields (South Valiant (37.5%),Vampire (20%), Viscount (20%), Loggs (20%)) located in the North Sea of the United Kingdom. Operations will continue till all the decommissioning work is finished.

In assessing the prospects of BP Exploration Beta 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 US dollars. 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.

Intangible assets

Intangible assets, other than goodwill are stated at the amount initially recognized, less accumulated amortization and accumulated impairment losses.

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

Intangible assets are carried initially at cost unless acquired as part of a business combination. Any such asset is measured at fair value at the date of the business combination and is recognized separately from goodwill if the asset is separable or arises from contractual or other legal rights.

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

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

Oil and natural gas exploration and appraisal expenditure

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

Exploration and appraisal expenditure

Geological and geophysical exploration costs are charged to the profit and loss account as incurred. Costs directly associated with an exploration well are capitalized as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. If it is determined that development will not occur then the costs are expensed.

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an intangible asset. Upon internal approval for development and recognition of proved reserves, the relevant expenditure is transferred to tangible assets.

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

Tangible assets

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

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

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

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

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

Buildings	4 to 22 years
Fixtures and fittings	1 to 8 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.

Stock

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

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

Leases

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

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

A lease liability is recognized on the balance sheet on the lease commencement date at the present value of future lease payments over the lease term. The discount rate applied is the rate implicit in the lease if readily determinable, otherwise an incremental borrowing rate is used. For the majority of the leases in the 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 and intangible assets.

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

If the lease term at commencement of the agreement is less than 12 months, a lease liability and right-of-use asset are not recognized, and a lease expense is recognized in the 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.

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. This includes the derecognition of receivables for which discounting arrangements are entered into.

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. This category of financial assets includes trade and other receivables.

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

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

Financial liabilities

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 and finance debt.

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.

Decommissioning

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

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

Significant judgements and estimates: provisions

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

If oil and natural gas production facilities and pipelines are sold to third parties, judgement is required to assess whether the new owner will be unable to meet their decommissioning obligations, whether the company would then be responsible for decommissioning, and if so the extent of that responsibility. This typically requires assessment of the local legal requirements and the financial standing of the owner. If the standing deteriorates significantly, for example, bankruptcy of the owner, a provision may be required. The company has assessed that no material decommissioning provisions should be recognized as at 31 December 2022 (2021 no significant provisions) for assets previously sold to third parties where the sale transferred the decommissioning obligation to the new owner.

The timing and amount of future expenditures relating to decommissioning liabilities are reviewed annually, together with the rate used in discounting the cash flows. The interest rate used to determine the balance sheet obligations at the end of 2022 was a nominal rate of 3.5% (2021 2.0%), which was based on long-dated US government bonds. The weighted average period over which decommissioning costs are generally expected to be incurred is estimated to be approximately 1 year (2021: 12 years). Costs at future prices are determined by applying an inflation rate of 1.5% (2021: 1.5%) to decommissioning costs and 2% (2021: 2%) for all other provisions. A lower rate is typically applied to decommissioning as certain costs are expected to remain fixed at current or past prices.

The estimated phasing of undiscounted cash flows in real terms for the upstream decommissioning is approximately $6 million (2021: $88 million) within 10 years and there is no remainder amount after 10 years. The timing and amount of decommissioning cash flows are inherently uncertain and therefore the phasing is management’s current best estimate but may not be what will ultimately occur.

Further information about the company’s provisions is provided in Note 18. Changes in assumptions in relation to the company's provisions could result in a material change in their carrying amounts within the next financial year. A 1.0 percentage point increase in the nominal discount rate applied could decrease the company’s provision balances by approximately $Nil (2021: $5 million). This level of change reflects past experience of a reasonable change in rate that could arise within the next financial year.

The discounting impact on the company's decommissioning provisions for oil and gas properties in the oil productions & operations and gas & low carbon energy segments of a two-year change in the timing of expected future decommissioning expenditures would not be material. Management currently does not consider a change of greater than two years to be reasonably possible in the next financial year.

If all expected future decommissioning expenditures were 10% higher, then these decommissioning provisions would increase by approximately $1 million (2021 $8 million) with a pre-tax charge of approximately $1 million (2021 $Nil).

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

Taxation

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

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

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

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

- Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. 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 deductible temporary differences.

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

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

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

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

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

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

Petroleum revenue tax

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

Turnover

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

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

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

Revenue associated with the sale of oil, natural gas liquids, liquefied natural gas is included on a net basis in turnover.

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.

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.

3. Turnover

Turnover is attributable to the production and sale of hydrocarbon products.

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

	2022 continuing operations	2022 discontinued operations	2022 Total	2021 continuing operations	2021 discontinued operations	2021 Total
	$000	$000	$000	$000	$000	$000
Revenue from contracts with customers	—	92,469	92,469	—	70,853	70,853
Other operating revenues	(261)	1,399	1,138	87	1,474	1,561
	(261)	93,868	93,607	87	72,327	72,414
Interest receivable and similar income (Note 6)	660	15,551	16,211	26	391	417
	399	109,419	109,818	113	72,718	72,831

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

	2022 continuing operation	2022 discontinued operation	2021 continuing operation	2021 discontinued operation
	$000	$000	$000	$000
By geographical area:				
UK	(261)	83,572	87	—
China	—	10,035	—	59,680
Rest of World	—	—	—	12,647
Total	(261)	93,607	87	72,327

4. Operating profit

This is stated after charging / (crediting):

	2022	2021
	$000	$000
Net foreign exchange (gains) / losses	(30)	140
Impairment of tangible assets	1,357	—
Reversal of impairment of tangible assets	—	(12,791)

5. Auditor's remuneration

	2022	2021
	$000	$000
Fees for the audit of the company	29	87

Fees paid to the company's auditor, Deloitte LLP, and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of BP Exploration Beta 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

	2022	2021
	$000	$000
Interest income from amounts owed by group undertakings	660	26
Total interest receivable and similar income	660	26

Interest income from amounts owed by group undertakings of $660,000 (2021: $26,000) relates to interest received after Internal Finance Account (IFA) balances. Increase due to a higher average LIBOR rate in 2022 (1.9% vs 0.1% in 2021) and with an opposite effect of the average IFA balance decrease in 2022 ($32,255,000) comparing to 2021 ($33,656,000).

7. Interest payable and similar expenses

	2022	2021
	$000	$000
Interest expense on:		
Finance charges payable under finance leases	2	5
Petroleum revenue tax	459	188
Other	6	1
Total interest expense	467	194
Unwinding of discount on provisions (Note 18)	147	494
Total interest payable and similar charges	614	688

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:

	2022	2021
Current tax	$000	$000
Total current tax charged	—	—
Deferred tax		
Effect of changes in tax rate	32	(2,091)
Current year deferred tax	2,913	11,207
Total deferred tax charged	2,945	9,116
Tax charged on profit	2,945	9,116

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is higher (2021: higher) than the relevant rate of corporation tax in the UK of 40% for the year ended 31 December 2022 (2021: 40%). The differences are reconciled below:

	2022	2021
	$000	$000
Profit before tax	1,709	13,534
Taxation	2,945	9,116
Effective tax rate	172 %	67 %

	2022	2021
	%	%
UK corporation tax rate:	40	40
Increase / (decrease) resulting from:		
Non-deductible expenditure	61	19
Free group relief claimed	71	23
Adjustments to tax charge in respect of previous years	—	(15)
Effective tax rate	172	67

Change in corporation tax rate

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

EPL is applied to profits, or losses that arise from UK oil and gas extraction or rights ("Ring fence profits"). For the period 26 May 2022 to 31 December 2022 EPL is levied at 25% on ring fence profits (35% from 1 January 2023). EPL is in addition to the existing Ring Fence Corporation Tax (30%) and Supplementary Charge (10%), increasing the headline rate of tax to 65% (75% from 1 January 2023).

Ring fence profits, or losses, are subject to EPL, but no relief is available for Ring Fence Corporation Tax losses carried forward, decommissioning expenditure or finance costs. An 80% EPL Investment Allowance is given for capital expenditure incurred after 26 May 2022 up to 31 December 2022. The EPL Investment Allowance is reduced to 29% from 1 January 2023. EPL had no impact on current tax for the year or the deferred tax position at 31 December 2022.

(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	
	2022	2021	2022	2021
	$000	$000	$000	$000
Decommissioning and other provisions	3,038	10,132	1,920	4,958
Depreciation in excess of capital allowances	61	—	(61)	—
Net charge for deferred tax assets	3,099	10,132	1,859	4,958

	Profit and loss account		Balance sheet	
	2022	2021	2022	2021
	$000	$000	$000	$000
Accelerated capital allowances	—	2	70	70
Other taxable temporary differences	(154)	(1,770)	(135)	(289)
Net charge for deferred tax liabilities	(154)	(1,768)	(65)	(219)
Net deferred tax charge and net deferred tax asset from continuing operations	2,945	8,364	1,794	4,739
Tax disclosure in respect of discontinued operations				
Net deferred tax charge / (credit) and net deferred tax liability from discontinued operations	(29,869)	2,010	—	(29,869)
Net deferred tax charge / (credit) and net deferred tax asset / (liability)	(26,924)	10,374	1,794	(25,130)

No tax was due on gain from disposal of discontinued operations.

9. Discontinued operations

On 11th March 2022, the company entered into a sale agreement for its operations in Angola with Azule Energy Exploration (Angola) Limited as part of group divestment of Angolan assets, the principal activity of which was exploration for and production and selling of hydrocarbons. The disposal was completed on 1st July, 2022, on which date control over the operations transferred to the acquirer, a party under common control.

A gain of $101,959,000 arose on disposal of discontinued operations, being the proceeds from disposal less the carrying amount of the operations' net assets.

The assets and liabilities of discontinued operations at the date of disposal and at 31 December 2021 were as follows:

	1 July 2022	31 December 2021
	$000	$000
Intangible assets	9,375	9,340
Tangible assets	178,068	181,996
Stocks	(86)	15,878
Trade and other debtors	84,777	599,778
Cash at bank and in hand	92	841
Trade and other payables	10,717	(9,924)
Deferred tax liability	(29,278)	(29,601)
Provisions	(91,912)	(86,810)
Reserves	(16,602)	(121,498)
Net assets	145,151	560,000
Gain on disposal	101,959	
Total consideration paid in cash	247,110	

The impact of the discontinued operations on the company's results in the current and prior years is shown on the face of the profit and loss account.

10. 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.

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 $79,000 (2021: $176,000). These costs are borne by other undertakings within the group.

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

None of these qualifying directors were members of the defined benefit section of the bp Pension Fund at 31 December 2022 (2021: None).

One of these qualifying directors received any contribution to a money purchase pension scheme during the year (2021: One).

None 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

The company had no employees during the year (2021: None).

11. Intangible assets

	Exploration expenditure
Cost	$000
At 1 January 2022	9,340
Additions	35
Discontinued operations (Note 9)	(9,375)
At 31 December 2022	—
Amortisation	
1 January 2022	—
At 31 December 2022	—
Net book value	
At 31 December 2022	—
At 31 December 2021	9,340

In 2022, all intangibles were sold, together with the other assets and liabilities of discontinued operations, to Azule Energy Exploration (Angola) Limited (formerly: BP Exploration Angola Limited) in connection with the deal of formation of Azule Energy Ltd, an International Joint Venture (IJV).

12. Tangible assets

	Land & buildings	Fixtures & fittings	Oil & gas properties	Plant & machinery	Total	Of which AUC *
Cost	$000	$000	$000	$000	$000	$000
At 1 January 2022	12,231	3,533	1,658,672	(1)	1,674,435	1,229
Additions	—	(4)	4,274	—	4,270	
Discontinued operations (Note 9)	(12,231)	(3,529)	(1,337,473)	1	(1,353,232)	(1,229)
Changes in decommissioning provision (Note 19)	—	—	1,357	—	1,357	—
At 31 December 2022	—	—	326,830	—	326,830	—
Depreciation						
At 1 January 2022	(5,669)	(3,530)	(1,483,241)	1	(1,492,439)	—
Charge for the year	(124)	(4)	(8,070)	—	(8,198)	—
Impairment	—	—	(1,357)	—	(1,357)	—
Discontinued operations (Note 9)	5,793	3,534	1,165,838	(1)	1,175,164	—
At 31 December 2022	—	—	(326,830)	—	(326,830)	—
Net book value						
At 31 December 2022	—	—	—	—	—	—
At 31 December 2021	6,562	3	175,431	—	181,996	1,229

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

Capitalised interest included above is as follows:

	Net book value
	$000
At 31 December 2022	—
At 31 December 2021	3,456

The total net book value of the tangible assets at year end is zero, as in 2022 all tangible assets were sold, together with the other assets and liabilities of discontinued operations, to Azule Energy Exploration (Angola) Ltd. and the remaining decommissioning asset was written down to zero.

13. Stocks

	2022	2021
	$000	$000
Raw materials and consumables	—	14,998
Crude oil	—	951
	—	15,949

In 2022, all stocks were sold to Azule Energy Exploration (Angola) Ltd.

14. Debtors

Amounts falling due within one year:

	2022	2021
	$000	$000
Trade debtors	22	22
Amounts owed by group undertakings	916,908	637,638
Other debtors	62	121
Prepayments and accrued income	—	(15)
Taxation	—	655
Petroleum Revenue Tax	—	1,572
	916,992	639,993

Amounts falling due after one year:

	2022	2021
	$000	$000
Other debtors	180	1,128
Taxation	—	1,432
Deferred tax	1,794	—
Petroleum Revenue Tax	103	722
	2,077	3,282
Total debtors	919,070	643,275

The amounts owed by group undertakings primarily comprises internal finance accounts (IFA) of $916,908,000 (2021: $588,013,000). Interest is received on a monthly basis but calculated on the daily balance, using a combined interest rate of market rate and margins. For the market rate one month LIBOR is used which refreshes on a daily basis. Margins are fixed at the beginning of each year and can be seen in the table below. The company has two IFA.

	IFA margins - 2022		IFA margins - 2021	
IFA	Debit balances	Credit balances	Debit balances	Credit balances
XBAN	0.20%	(0.03)%	1.64%	(0.03)%
XBETA	0.20%	(0.03)%	0.20%	(0.03)%

Whilst IFA balances are legally repayable on demand, in practice they have no termination date.

15. Creditors

Amounts falling due within one year:

	2022	2021
	$000	$000
Trade creditors	—	776
Amounts owed to group undertakings	17,676	3,706
Other creditors	2,483	2,557
Taxation	10	8,925
Petroleum Revenue Tax	136	—
Accruals	1,218	322
	21,523	16,286

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. There are no creditors with amounts falling due after one year.

From the balance of $17,676,000 of amounts owed to group undertakings, $9,828,000 relates to balances due to BP Exploration Operating Company Ltd. and $7,848,000 relates to BP Exploration Alpha Ltd.

16. Loans and obligations under leases

Loans repayable and obligations under leases, included within creditors, are analysed as follows:

Within 5 years

	2022		2021	
	Lease liabilities	Total	Lease liabilities	Total
	$000	$000	$000	$000
Not wholly repayable	—	—	102	102
	—	—	102	102

The lease contract for Theddlethorpe Gas Terminal (TGT) on Lincolnshire Offshore Gas Gathering System (LOGGS) field ended on 31 December 2022.

17. Leases

In 2022 and prior years, the company leased a number of assets as part of its activities.

	2022	2021
	$000	$000
Total cash outflow for amounts included in lease liabilities	—	104

18. Other provisions

	Decom-missioning	Other	Petroleum Revenue Tax	Total
	$000	$000	$000	$000
At 1 January 2022	92,134	3,329	3,668	99,131
New or increased provisions:				
Recognized within tangible assets	6,137	—	—	6,137
Unwinding of discount	468	—	—	468
Utilisation	(5,363)	—	—	(5,363)
Write-back of unused provision	—	—	(3,668)	(3,668)
Discontinued operations (Note 9)	(88,583)	(3,329)	—	(91,912)
At 31 December 2022	4,793	—	—	4,793

Decrease of decommissioning provisions during the year is mainly driven by formation of Azule, as part of this transaction all provisions were transferred to Azule Energy Exploration (Angola) Ltd. The remaining movements of ($3,538,000) relate to estimate changes and previously posted provision utilization on LOGGS field.

19. Called up share capital

	2022	2021
	$000	$000
Issued and fully paid:		
560,000 ordinary shares of $1 each for a total nominal value of $560,000,000	560,000	560,000
50,000 ordinary shares of £1 each for a total nominal value of £50,000	96	96
	560,096	560,096

20. 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.

21. Related party transactions

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

22. Immediate and ultimate controlling parent undertaking

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