

**BP FINANCE P.L.C**  
**(Registered No.04145621)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**

Board of directors: J A Hodgson  
N M Staunton

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

**STRATEGIC REPORT**

**Principal activity**

The company is a specialist group guarantor and is available to guarantee the obligations of other group companies.

The majority of income in the company derives from interest receivable on a \$5 billion deposit made with BP p.l.c.. The \$5 billion deposit was renewed for a term of 10 years from 2020.

**Results**

The profit for the year after taxation was \$89,908,000 which, when added to the retained profit brought forward at 1 January 2022 of \$39,489,000, and after deducting total paid interim dividends to ordinary shareholders of \$50,000,000, gives a total retained profit carried forward at 31 December 2022 of \$79,397,000.

**Review of the business**

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

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
	\$000	\$000	%
Turnover	1,395	5,334	(74)
Operating profit	1,383	5,401	(74)
Profit for the financial year	89,908	6,997	1,185
Total equity	5,079,397	5,039,489	1

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
	%	%	
Quick ratio*	923	231	692
Return on average capital employed**	1.78	0.14	1.64

The lower turnover during the year was due to a true up adjustment on guarantee fee income recognised for the guarantee arrangement with BP Canada Energy Trading. The higher profit for the financial year was due to higher interest earned on the long term deposit with BP p.l.c. as a result of increased LIBOR compared to the previous year (average 2022 1.88%; 2021 0.17%).

## STRATEGIC REPORT

### Review of the business (continued)

\*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.

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

### Section 172 (1) statement

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

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

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

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

**(b) The interests of the company's employees** The 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'.

**(d) The impact of the company's operations on the community and the environment** The directors of the company are committed to the bp group's sustainability aims and objectives – 10 aims to get bp to net zero and help the world get there too, 5 aims to improve people's lives and 5 aims to care for our planet. In 2022 each business prepared a sustainability plan, identifying its priority aims and detailing the actions it will take to meet those.

**(e) The desirability to maintain the company's reputation for high standards of business conduct**

In 2022, bp continued to make progress against its sustainability aims which set out the areas where bp believes it can make the biggest difference for bp, its stakeholders and society. bp's commitment to safety, having a positive impact and doing the right thing were further enshrined in the new bp 'Who we are' beliefs which also emphasise the importance of following the bp code of conduct. bp's code of conduct sets clear expectations for how bp, the company and the board operate. The directors of the company continued to adhere, in good faith, to the bp code of conduct during the year to ensure the board and the company maintain a reputation for high standards of business conduct.

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

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

## **STRATEGIC REPORT**

### **Section 172 (1) statement (continued)**

#### **Stakeholder engagement**

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

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

**(a) Government**

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

**(b) Shareholders**

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

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

#### **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:

<b>Principal decision</b>	<b>The relevant factors taken into account during the decision making process</b>
During the year, the directors considered, approved and paid a dividend as appropriate to the shareholder.	The directors considered the impact of such a decision on the long-term prospects of the company, as well as considering the financial position of the company to ensure that it had sufficient distributable reserves at the time of the dividend.

## **STRATEGIC REPORT**

### **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**

#### ***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.

#### ***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.



## **STRATEGIC REPORT**

### **Strategic and commercial risks (continued)**

#### ***Climate change and the transition to a lower carbon economy***

Laws, regulations, policies, obligations, government actions, social attitudes and customer preferences relating to climate change and the transition to a lower carbon economy, including the pace of change to any of these factors, and also the pace of the transition itself, could have adverse impacts on our business including on our access to and realization of competitive opportunities 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.

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

#### ***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.

### **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.

## STRATEGIC REPORT

### **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. 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:  
  
24B803576F7E440...  
J A Hodgson  
Director  
June 27, 2023

Registered Office:

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

**DIRECTORS' REPORT****BP FINANCE P.L.C****Directors**

The present directors are listed on page 1.

J A Hodgson and N M Staunton served as directors throughout the financial year. Changes since 1 January 2022 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
R Wheatley	—	13 October 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**

During the year the company has declared and paid dividends of \$50,000,000 (2021 \$125,000,000). The directors do not propose the payment of a final dividend (2021 \$Nil).

**Financial instruments**

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

**Going concern**

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

Liquidity and financing is managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see pages 4-6.

## **DIRECTORS' REPORT**

### **Going concern (continued)**

The company has a \$5 billion callable long-term deposit with BP p.l.c. in place with a facility limit of \$7 billion, which the directors judge is sufficient to cover possible contingent liability claims arising from the guarantees in place.

In assessing the prospects of BP Finance p.l.c, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

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

### **Future developments**

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

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

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

### **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' REPORT

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

The directors who were members of the board at the time of approving the directors' report 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:  
  
24B803576F7E440...

J A Hodgson

Director

June 27, 2023

Registered Office:

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE FINANCIAL STATEMENTS**

**BP FINANCE P.L.C**

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 FINANCE P.L.C****Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of BP Finance p.l.c (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 15.

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

**Basis for opinion**

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

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

**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.

## **INDEPENDENT AUDITOR'S REPORT**

### **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](http://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 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. These included the company's operating licence, regulatory solvency requirements, and environmental regulations when they are applicable.

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:  
  
A7E8E1FBAB614D3...

David Holtam FCA (Senior Statutory Auditor)

**for and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

June 27, 2023

**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2022****BP FINANCE P.L.C**

		<u>2022</u>	<u>2021</u>
	<b>Note</b>	<b>\$000</b>	<b>\$000</b>
<b>Turnover</b>	<b>3</b>	1,395	5,334
Administrative expenses		(12)	(3)
Other operating income		—	70
<b>Operating profit</b>	<b>4</b>	1,383	5,401
Interest receivable and similar income	<b>6</b>	88,331	1,792
<b>Profit before taxation</b>		89,714	7,193
Tax on profit	<b>7</b>	194	(196)
<b>Profit for the financial year</b>		<u>89,908</u>	<u>6,997</u>

The profit of \$89,908,000 for the year ended 31 December 2022 was derived in its entirety from continuing operations.

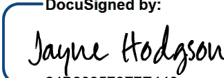
**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

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 FINANCE P.L.C**  
**(Registered No.04145621)**

		<u>2022</u>	<u>2021</u>
	<b>Note</b>	<b>\$000</b>	<b>\$000</b>
<b>Current assets</b>			
Debtors – amounts falling due:			
within one year	<b>9</b>	53,237	13,319
after one year	<b>9</b>	<u>5,031,927</u>	<u>5,031,927</u>
		5,085,164	5,045,246
Creditors: amounts falling due within one year	<b>10</b>	<u>(5,767)</u>	<u>(5,757)</u>
<b>Net current assets</b>		<u>5,079,397</u>	<u>5,039,489</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,079,397</u>	<u>5,039,489</u>
<b>NET ASSETS</b>		<u><u>5,079,397</u></u>	<u><u>5,039,489</u></u>
<b>Capital and reserves</b>			
Called up share capital	<b>11</b>	5,000,000	5,000,000
Profit and loss account	<b>12</b>	79,397	39,489
<b>TOTAL EQUITY</b>		<u><u>5,079,397</u></u>	<u><u>5,039,489</u></u>

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

DocuSigned by:  
  
 24B803576F7E440...  
**J A Hodgson**  
 Director

June 27, 2023

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**BP FINANCE P.L.C**

	Called up share capital (Note 11) \$000	Profit and loss account (Note 12) \$000	Total \$000
<b>Balance at 1 January 2021</b>	5,000,000	157,492	5,157,492
Profit for the financial year, representing total comprehensive income	—	6,997	6,997
Dividends paid	—	(125,000)	(125,000)
<b>Balance at 31 December 2021</b>	5,000,000	39,489	5,039,489
<b>Balance at 1 January 2022</b>	5,000,000	39,489	5,039,489
Profit for the financial year, representing total comprehensive income	—	89,908	89,908
Dividends paid	—	(50,000)	(50,000)
<b>Balance at 31 December 2022</b>	5,000,000	79,397	5,079,397



**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2022****BP FINANCE P.L.C****1. Authorization of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)**

The financial statements of BP Finance p.l.c for the year ended 31 December 2022 were approved by the board of directors on 27 June 2023 and the balance sheet was signed on the board's behalf by J A Hodgson. BP Finance p.l.c is a public limited company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 04145621) under the Companies Act 2006. The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

**2. 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: paragraph 79(a)(iv) of IAS 1;
- (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 IFRS 7 Financial Instruments: Disclosures;
- (h) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement; and
- (i) the requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS

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

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 financial guarantees.

#### **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 pages 4-6.

The company has a \$5 billion callable long-term deposit with BP p.l.c. in place with a facility limit of \$7 billion, which the directors judge is sufficient to cover possible contingent liability claims arising from the guarantees in place.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### **Going concern (continued)**

In assessing the prospects of BP Finance p.l.c, 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.

#### **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. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired and when interest income is recognized using the effective interest method. This category of financial assets includes amounts owed from group undertakings.

#### ***Financial assets measured at fair value through profit or loss***

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account. Derivatives, other than those designated as effective hedging instruments, are included in this category.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### **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 fair value through profit or loss***

Financial liabilities that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account. Derivatives, other than those designated as effective hedging instruments, are included in this category.

##### ***Financial liabilities measured at amortized cost***

All other financial liabilities are initially recognized at fair value, net of directly attributable transaction costs.

After initial recognition, these financial liabilities are subsequently measured at amortized cost. This category of financial liabilities includes amounts owed to group undertakings and other creditors.

##### ***Significant judgement: financial guarantees***

The company issues financial guarantee contracts to make specified payments to reimburse holders for losses incurred if certain group undertakings or third-party entities fail to make payments when due in accordance with the original or modified terms of a debt instrument such as a loan. At initial recognition, the fee to be received from beneficiary entities over the life of the contract is recognised as a financial asset measured at fair value. As fees are received, the asset is subsequently measured at fair value through profit or loss.

The liability for a financial guarantee contract is recognised at an amount equal to the financial asset as the fair value of the guarantee contract and subsequently measured at the higher of this initial amount, less the cumulative income recognised, and the contract's estimated expected credit loss. This is considered to be an area with significant judgement as management is required to identify and assess any significant increases in credit risk, such as credit events associated with counterparties. This may give rise to changes and complexities in determining the expected credit loss. The current economic environment and future credit risk outlook have been considered in calculating expected credit loss. Management does not consider the calculation to be a significant accounting estimate.

**NOTES TO THE FINANCIAL STATEMENTS****2. Significant accounting policies, judgements, estimates and assumptions (continued)****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.

**Taxation**

Income tax expense represents the current 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.

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.

**Guarantee fee income**

Guarantee fee income is recognised through changes in the carrying value of the guarantee liability and the measurement of the financial asset at fair value through profit and loss.

**Interest income**

Interest income is recognized as the interest accrues.

**Finance costs**

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

**Dividends payable**

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

**NOTES TO THE FINANCIAL STATEMENTS****2. Significant accounting policies, judgements, estimates and assumptions (continued)****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**

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

	2022	2021
	\$000	\$000
Guarantee fee income	1,395	5,334
	<u>1,395</u>	<u>5,334</u>
Other operating income	—	70
Interest receivable and similar income (Note 6)	88,331	1,792
	<u><u>89,726</u></u>	<u><u>7,196</u></u>

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

**4. Operating profit**

This is stated after charging:

	2022	2021
	\$000	\$000
Net foreign exchange losses*	12	15
	<u><u>12</u></u>	<u><u>15</u></u>

\*Amount is included in Administrative expenses.

**5. Auditor's remuneration**

	2022	2021
	\$000	\$000
Fees for the audit of the company	31	15
	<u><u>31</u></u>	<u><u>15</u></u>

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

The audit fees were borne by another group company.



**NOTES TO THE FINANCIAL STATEMENTS****6. Interest receivable and similar income**

	<u>2022</u>	<u>2021</u>
	\$000	\$000
Interest income from amounts owed by group undertakings	<u>88,331</u>	<u>1,792</u>

**7. Taxation**

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

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

	<u>2022</u>	<u>2021</u>
<u>Current tax</u>	\$000	\$000
UK corporation tax on income for the year	(194)	196
Tax (credited) / charged on profit	<u>(194)</u>	<u>196</u>

**Reconciliation of the effective tax rate**

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

	<u>2022</u>	<u>2021</u>
	\$000	\$000
Profit before taxation	89,714	7,193
Tax (credit) / charge	(194)	196
Effective tax rate	— %	3 %

	<u>2022</u>	<u>2021</u>
	%	%
UK statutory corporation tax rate:	19	19

Decrease resulting from:

Free group relief	(19)	(16)
Effective tax rate	<u>—</u>	<u>3</u>

**Change in corporation tax rate**

On 3 March 2021, the UK Government announced an increase in the UK's main corporation tax rate from 19% to 25%, effective from 1 April 2023. This will increase the company's future current tax charge accordingly. This rate change was substantively enacted on 24 May 2021. There is no impact of this rate change on the company's deferred tax position as the company had no deferred tax balances, recognised or unrecognised, at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS****8. Directors and employees****(a) Remuneration of directors**

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2021 \$Nil).

**(b) Employee costs**

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

**9. Debtors**

Amounts falling due within one year:

	2022	2021
	\$000	\$000
Amounts owed from group undertakings	53,237	13,319

Amounts falling due after one year:

	2022	2021
	\$000	\$000
Amounts owed from group undertakings	5,031,927	5,031,927
Total debtors	5,085,164	5,045,246

Included within the amounts owed from group undertakings falling due within one year is an Internal Funding Account (IFA) of \$10,805,000 receivable from BP International Limited (2021 \$7,359,000).

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

Interest is accrued on a monthly basis based on USD LIBOR.

The amounts owed from group undertakings falling due after one year comprise a variable rate long term deposit of \$5,031,927,000 (2021 \$5,031,927,000) with interest being charged based on a 3-month USD LIBOR rate minus 14 basis points. The long term deposit has a maturity date of 30 April 2030 but is repayable on demand.

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

**NOTES TO THE FINANCIAL STATEMENTS****10. Creditors**

Amounts falling due within one year:

	<u>2022</u>	<u>2021</u>
	\$000	\$000
Amounts owed to group undertakings	1,495	—
Other creditors	<u>4,272</u>	<u>5,757</u>
	<u><u>5,767</u></u>	<u><u>5,757</u></u>

Other creditors relate to the fair value of liabilities associated with financial guarantees issued by the company in respect of obligations of fellow bp group companies.

**11. Called up share capital**

	<u>2022</u>	<u>2021</u>
	\$000	\$000
Issued and fully paid:		
4,999,927,000 ordinary shares of \$1 each for a total nominal value of \$4,999,927,000	4,999,927	4,999,927
50,000 ordinary shares of £1 each for a total nominal value of £50,000	<u>73</u>	<u>73</u>
	<u><u>5,000,000</u></u>	<u><u>5,000,000</u></u>

**12. 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.

In 2022, the company paid interim ordinary dividends of \$50,000,000 (2021 \$125,000,000). The dividend per share was \$0.01 (2021 \$0.025).

**NOTES TO THE FINANCIAL STATEMENTS****13. Guarantees and other financial commitments**

The company has issued guarantees to third parties in case of the failure, on part of certain bp subsidiaries, to pay current liabilities and obligations pertaining to business operations. The amounts guaranteed by the company, at 31 December 2022, for these arrangements is \$903,057,000 (2021 \$925,058,000).

The company guarantees lease obligations of certain bp group subsidiaries. Maturity dates vary and guarantees will terminate on full payment and/or cancellation of the obligation. At 31 December 2022, maximum guaranteed amounts pertaining to lease arrangements were \$747,000,000 (2021 \$747,000,000). These maximum amounts are significantly more than the actual guaranteed exposure due at the balance sheet date as well as significantly more than remaining obligations under the guaranteed contract.

Performance under all the above guarantees would be triggered by a financial default of the guaranteed entity and as such are currently not expected to have any material effect.

As part of normal ongoing business operations and consistent with generally accepted industry practices, the company also executes contracts involving standard indemnities for the respective businesses in which it operates. The company regularly evaluates the probability of having to incur costs associated with these indemnities and does not believe such matters will have a material effect on its financial position, income and expenses, liquidity, investments or financial resources.

**14. Related party transactions**

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

**15. Immediate and ultimate controlling parent undertaking**

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