BP MIDDLE EAST LIMITED

(Registered No. 00591214)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

Board of Directors: N J C Evans
B J S Mathews

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 primarily engaged in marketing aviation fuels to customers through its associated undertaking at Bahrain International Airport. It also provides technical consultancy services on storage, handling and delivering aviation fuel and provides services to other group undertakings within the bp group.

Results

The profit for the year after taxation was $5,153,000 which, when added to the retained profit brought forward at 1 January 2022 of $45,197,000, gives a total retained profit carried forward at 31 December 2022 of $50,350,000.

Review of the business

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

	2022	Restated 2021	Variance
	$000	$000	%
Turnover	69,360	27,373	153
Operating profit	4,260	2,664	60
Profit for the financial year	5,153	2,695	91
Total equity	50,496	45,343	11

	2022	Restated 2021	Variance
	%	%	
Return on average capital employed*	10	6	4

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

The increase in turnover, operating profit and profit for the financial year were mainly due to the recovery of economy after the COVID-19 pandemic. This has resulted in an increase in demand and average oil prices per gallon as compared to prior year (2022 22,340,392 usg at $2.92/usg; 2021 13,870,971 usg at $1.74/usg).

Review of the business (continued)

The Bahrain Aviation Fuelling Company B.S.C (BAFCO) is a joint venture company formed in 1985 to provide into-plane fuelling (ITP) services at Bahrain International Airport (BIA), including the storage and transport of aviation fuel from the refinery. BAFCO manages this service on behalf of its three shareholders: The Oil Gas Holding Company B.S.C. (60%), Chevron Asia Pacific Holding Ltd (27%) and the company (13%). The aviation fuel concession with Bahrain Airport Company S.P.C. (BAC) was renewed in April 2017 for another 3 years, up to April 2020 with a further 3 plus 3 years renewal guaranteed, which means the company is allowed to operate until April 2026. This is important as the company's marketing license in BIA is capped to equity share in BAFCO joint venture. BAFCO was awarded a contract for the operations and maintenance of a new tank farm constructed by the airport in 2020. The handover of the new fuel farm took place in April 2021 with a long snag list. BAFCO was not able to operate the fuel farm due to the defects. Actual operation of the new fuel farm started in January 2022.

The functional currency of the company was changed from Emirati Dirham (AED) to US Dollars (USD) with effect from 1 January 2022 and has been implemented with prospective effect. The change was made following the assessment of company's material cash flows to reflect that US Dollars was the predominant currency in the company, accounting for a significant part of the company's business activities. Correspondingly, the presentation currency has been changed from AED to USD retrospectively and no material impact was noted on restatement of financial statements for the year ended 31 December 2021.

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'.

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.

(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.

Section 172 (1) statement (continued)

(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.

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 approved the incorporation of a new wholly owned subsidiary, BP Arabia LLC. As at 31 December 2022, the incorporation was in progress and is anticipated to be completed in 2023.	The directors considered the impact of such a decision of the company having regard to its business relationship its local stakeholders in the region of incorporation as per s172(1)(c) whilst ensuring it conducts business to the highest standards, acting ethically and transparently as guided by bp's values and code of conduct, as per s172(1)(e).

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.

Principal risks and uncertainties (continued)

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 petrochemical products, 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.

Decreases in oil, gas or product prices could have an adverse effect on revenue, margins, profitability and cash flows. If these reductions are significant or for a prolonged period, bp management may have to write down assets and reassess the viability of certain projects, which may impact future cash flows, profit, capital expenditure, the ability to maintain the company's long-term investment programme. Conversely, an increase in oil, gas and product prices may not improve margin performance as there could be increased fiscal take, cost inflation and more onerous terms for access to resources.

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

Strategic and commercial risks (continued)

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.

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

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

Insurance
The bp group generally purchases insurance only in situations where this is legally and contractually required. Some risks are insured with third parties and reinsured by group insurance companies. Uninsured losses could have a material adverse effect on the bp group financial position which in turn could adversely affect the company.

Safety and operational risks

Process safety, personal safety and environmental risks
The company is exposed to a wide range of health, safety, security and environmental risks. There can be no certainty that our operating management system or other policies and procedures will adequately identify all process safety, personal safety and environmental risks or that all our operating activities will be conducted in conformance with these systems.

Such events or conditions could cause harm to people, the environment and the company's assets and could result in regulatory action, legal liability, business interruption, increased costs, damage to the company's reputation and potentially denial of its licence to operate.

Security
Acts of terrorism, piracy, sabotage, activism and similar activities directed against the company's operations 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 commodity prices, foreign currency exchange rates and interest rates; and credit 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:

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September 25, 2023

N J C Evans
Director

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

DIRECTORS' REPORT

BP MIDDLE EAST LIMITED

Directors

The present directors are listed on page 1.

There have been no director appointments or resignations since 1 January 2022.

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

Dividends

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

Post balance sheet events

On 30 January 2023, the company transferred all of its legal title of 49% issued share capital of Sharjah Pipeline Company LLC to Sharjah Aviation Services Company LLC. There was no financial consideration involved for the transfer of the legal title, as these shares are held by the company as a nominee.

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.

Going concern (continued)

The company is engaged in marketing aviation fuels to customers through its associated undertaking at Bahrain International Airport. It also provides technical consultancy services on storage, handling and delivering aviation fuel and provides services to other group undertakings within the bp group. The company has ongoing funding arrangements with BP International Limited to manage its working capital. The directors' assessment has taken into account the ability of both the company and bp group to ensure availability of funds at least twelve months from date of approval of these financial statements.

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

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

Future developments

The directors aim to maintain the management policies which have resulted in the company’s stability in recent years. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

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

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:

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September 25, 2023

N J C Evans

Director

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BP MIDDLE EAST 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 MIDDLE EAST LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BP Middle East 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 19.

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.

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
In addition to the above, our procedures to respond to the risks identified included the following:

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Nrosha Perera
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September 26, 2023
Nirosha Perera, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

BP MIDDLE EAST LIMITED

	Note	2022 $000	Restated 2021 $000
Turnover	**3**	69,360	27,373
Cost of sales		(64,539)	(24,425)
Gross profit		4,821	2,948
Administrative expenses		(561)	(284)
Operating profit	**4**	4,260	2,664
Interest receivable and similar income	**6**	893	31
Profit before taxation		5,153	2,695
Tax on profit	**7**	—	—
Profit for the financial year		5,153	2,695

The profit of $5,153,000 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

BP MIDDLE EAST LIMITED

	Note	2022 $000	Restated 2021 $000
Profit for the financial year		5,153	2,695
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	**15**	—	—
Other comprehensive income for the year net of tax		—	—
Total comprehensive income for the year		5,153	2,695

BALANCE SHEET

AS AT 31 DECEMBER 2022

BP MIDDLE EAST LIMITED
(Registered No. 00591214)

	Note	2022 $000	Restated 2021 $000
Fixed assets			
Tangible assets	**9**	365	393
Investments	**10**	86	86
		451	479
Current assets			
Stocks	**11**	2,301	1,680
Debtors: amounts falling due within one year	**12**	53,761	47,094
		56,062	48,774
Creditors: amounts falling due within one year	**13**	(5,975)	(3,868)
Net current assets		50,087	44,906
TOTAL ASSETS LESS CURRENT LIABILITIES		50,538	45,385
Creditors: amounts falling due after more than one year	**13**	(42)	(42)
NET ASSETS		50,496	45,343
Capital and reserves			
Called up share capital	**14**	146	146
Foreign currency translation reserve	**15**	—	—
Profit and loss account	**15**	50,350	45,197
TOTAL EQUITY		50,496	45,343

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

DocuSigned by:

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September 25, 2023

N J C Evans
Director

DTT

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

BP MIDDLE EAST LIMITED

	Called up share capital (Note 14)	Foreign currency translation reserve (Note 15)	Profit and loss account (Note 15)	Total
	$000	$000	$000	$000
Balance at 1 January 2021 (Restated)	146	—	42,502	42,648
Profit for the financial year	—	—	2,695	2,695
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	—	—	2,695	2,695
Balance at 31 December 2021 (Restated)	146	—	45,197	45,343
Balance at 1 January 2022	146	—	45,197	45,343
Profit for the financial year	—	—	5,153	5,153
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	—	—	5,153	5,153
Balance at 31 December 2022	146	—	50,350	50,496

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

The financial statements of BP Middle East Limited for the year ended 31 December 2022 were approved by the board of directors on 23 September 2023 and the balance sheet was signed on the board's behalf by N J C Evans. BP Middle East Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 00591214) under the Companies Act 2006. The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

2. Significant accounting policies, judgements, estimates and assumptions

The significant accounting policies and critical accounting judgements, estimates and assumptions of the company are set out below.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated. Where retrospective restatements were required as a result of the implementation of new accounting standards or changes to existing accounting standards, these have been applied to all comparative years presented.

These financial statements are separate financial statements. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group financial statements of BP p.l.c. Details of the parent in whose consolidated financial statements the company is included are shown in Note 19 to the financial statements.

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared under the historical cost convention in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

(a) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
(b) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    (i) paragraph 79(a)(iv) of IAS 1;
    (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    (iii) paragraph 74 A(b) of IAS 16 Property, Plant and Equipment;
(c) the requirements of IAS 7 Statement of Cash Flows;
(d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
(e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
(f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

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

Basis of preparation (continued)

(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 requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement; and
(j) 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 19.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand in 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 on the recognition of revenue.

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.

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

Going concern (continued)

The company is engaged in marketing aviation fuels to customers through its associated undertaking at Bahrain International Airport. It also provides technical consultancy services on storage, handling and delivering aviation fuel and provides services to other group undertakings within the bp group. The company has ongoing funding arrangements with BP International Limited to manage its working capital. The directors' assessment has taken into account the ability of both the company and bp group to ensure availability of funds at least twelve months from date of approval of these financial statements.

In assessing the prospects of BP Middle East 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 currency is the currency of the primary economic environment in which a company operates and is normally the currency in which the company primarily generates and expends cash. The functional currency of the company was changed from Emirati Dirham (AED) to US Dollars (USD) with effect from 1 January 2022 and has been implemented with prospective effect. The change was made following the assessment of company's material cash flows to reflect that US Dollars was the predominant currency in the company, accounting for a significant part of the company's business activities. Correspondingly, the presentation currency has been changed from AED to USD retrospectively and no material impact was noted on restatement of financial statements for the year ended 31 December 2021. For the year ended 31 December 2022, the presentation currency has also changed to USD and the change has been made retrospectively. This has resulted in a restatement to the 2021 comparative information, as explained further in Note 17.

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.

Investments

Fixed asset investments in associates are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

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

Investments (continued)

Interests in associates

An associate is an entity over which the company has significant influence, through the power to participate in the financial and operating policy decisions of the investee, but which is not a subsidiary or a joint arrangement.

Tangible assets

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

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

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

Buildings	10 to 20 years
Plant & machinery	4 to 40 years

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

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

An item of tangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the period in which the item is derecognized.

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

Impairment of tangible assets

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

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

Stock

Stocks are stated at the lower of cost and net realizable value. Cost is 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.

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.

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

Financial assets (continued)

Financial assets measured at amortized cost

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

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 as well as amounts owed to associates.

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.

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

Taxation

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

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

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

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

- Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences..
- In respect of taxable temporary differences associated with investments in associates, where the company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

In respect of deductible temporary differences associated with investments in associates, 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.

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

Taxation (continued)

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.

Turnover

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

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.

Revenue associated with the sale of petroleum and chemical products is included on a net basis in turnover.

Significant judgements and estimates: revenue recognition

A key judgement made by management in the preparation of the financial statements relates to the recognition of revenue, and specifically whether BP Middle East Limited assumes control of the fuel products it supplies to customers and acts as a principal in its sales transactions, or whether it acts as a selling agent for BAFCO. BP Middle East Limited does have the primary responsibility for fulfilling orders and bears credit risk on its receivables. In addition, BAFCO is jointly controlled by bp and does not set the price of fuel which is sold, as that is priced by reference to industry benchmarks per the contract terms. Accordingly, management judges that BP Middle East Limited is a principal in its sales and therefore recognises these in the gross amount of consideration to which it expects to be entitled, with a corresponding cost of sale also recognised gross in the profit and loss account rather than the net commission which would be presented if the company were to act as a selling agent.

Interest income

Interest income is recognized as the interest accrues.

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	Restated 2021
	$000	$000
Revenue from contracts with customers	69,360	27,373
	69,360	27,373
Interest receivable and similar income (Note 6)	893	31
	70,253	27,404

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

	2022	Restated 2021
	$000	$000
Class of business:		
Customers & products	69,360	27,373

The country of origin and destination is the Bahrain geographic area.

4. Operating profit

This is stated after charging / (crediting):

	2022	Restated 2021
	$000	$000
Net foreign exchange gains	(4)	—
Depreciation of tangible assets	59	87

5. Auditor's remuneration

	2022	Restated 2021
	$000	$000
Fees for the audit of the company	45	33

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 Middle East 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	Restated 2021
	$000	$000
Interest income from amounts owed by group undertakings	893	31

7. Taxation

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

(a) Reconciliation of the effective tax rate

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

	2022	Restated 2021
	$000	$000
Profit before taxation	5,153	2,695
Tax charge / (credit)	—	—
Effective tax rate	— %	— %

	2022	2021
	%	%
UK statutory corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Free group relief	(19)	(20)
Movements in unrecognised deferred tax	—	1
Effective tax rate	—	—

Change in corporation tax rate

On 3 March 2021, the UK Government announced an increase to the UK's main corporation tax rate from 19% to 25%, effective from 1 April 2023. This will increase the company's future current tax charge accordingly. The rate change was substantively enacted on 24 May 2021. As the company has not recognised a deferred tax asset at the balance sheet date, the impact of this rate change has not been calculated.

(b) Provision for deferred tax

Deferred tax has not been recognised on deductible temporary differences of $604,477 (2021 $559,989) relating to fixed assets and $2,252,982 (2021 $2,450,660) relating to connected party capital losses with no fixed expiry date on the basis that they are UK tax attributes that are not expected to give rise to any future tax benefit.

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).

NOTES TO THE FINANCIAL STATEMENTS

9. Tangible assets

	Buildings	Plant & machinery	Total	Of which AUC*
Cost - owned tangible assets	$000	$000	$000	$000
At 1 January 2022	121	2,574	2,695	43
Additions	—	31	31	31
Transfers	—	—	—	(28)
At 31 December 2022	121	2,605	2,726	46
Depreciation - owned tangible assets				
At 1 January 2022	108	2,194	2,302	—
Charge for the year	1	58	59	—
At 31 December 2022	109	2,252	2,361	—
Owned tangible assets - net book value				
At 31 December 2022	12	353	365	46
At 31 December 2021 (Restated)	13	380	393	43

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

10. Investments

	Investments in associates
Cost	$000
At 1 January 2021 (Restated)	86
At 31 December 2021 (Restated)	86
At 1 January 2022	86
At 31 December 2022	86
Net book amount	
At 31 December 2022	86
At 31 December 2021 (Restated)	86

The investments in associates are all stated at cost less provision for impairment.

The investments in the associated undertakings is unlisted.

10. Investments (continued)

The associated undertakings of the company at 31 December 2022 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

All voting rights are equal to percentage of share capital owned unless otherwise noted below.

Associated undertakings

Company name	Class of share held	%	Registered address	Principal activity
Bahrain Aviation Fuelling Company B.S.C	Ordinary shares	13	Office 102, Building 105, Street 59, Block 257, Amwaj PO Box, 50550, Bahrain.	Aviation fuelling services

The company also holds legal title to 49% of the issued share capital of Sharjah Pipeline Company LLC. These shares are held by the company as a nominee and no beneficial interest is attributable to the company in respect of these shares.

11. Stocks

	2022	Restated 2021
	$000	$000
Refined petroleum and petrochemical products	2,301	1,680

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

The inventories recognised as an expense during the year was $64,539,000 (2021 $24,425,000).

12. Debtors

Amounts falling due within one year:

	2022	Restated 2021
	$000	$000
Trade debtors	7,591	1,295
Amounts owed from group undertakings	44,372	44,771
Other debtors	42	42
Accrued income	1,756	986
	53,761	47,094

Included in the amounts owed from group undertakings is a variable rate Internal Funding Account (IFA) of $40,104,000 receivable from BP International Limited (2021 $43,207,000). 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.

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.

Other than as disclosed above, trade and other receivables are predominantly non-interest bearing.

13. Creditors

Amounts falling due within one year:

	2022	Restated 2021
	$000	$000
Trade creditors	5,875	3,837
Amounts owed to associates	100	31
	5,975	3,868

Amounts falling due after one year:

	2022	Restated 2021
	$000	$000
Other creditors	42	42
Total creditors	6,017	3,910

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.

14. Called up share capital

	2022	Restated 2021
	$000	$000
Issued and fully paid:		
100,000 ordinary shares of £1 each for a total nominal value of £100,000	146	146

15. 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.

Foreign currency translation reserve
The foreign currency translation reserve of $Nil (2021 $95) is used to record the exchange differences arising on translation from Emirati Dirham ("AED") to US Dollars ("USD").

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

16. 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.

16. Related party transactions (continued)

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

Related party	Throughput fee from related party	Amounts owed to related party
	$000	$000
Bahrain Aviation Fuelling Company B.S.C		
Associate		
Aviation fuelling services		
2022	1,320	(100)
2021 (Restated)	1,131	(31)

17. Post balance sheet event

On 30 January 2023, the company transferred all of its legal title of 49% issued share capital of Sharjah Pipeline Company LLC to Sharjah Aviation Services Company LLC. There was no financial consideration involved for the transfer of the legal title, as these shares are held by the company as a nominee.

18. Comparative figures

The functional currency of the company was changed from Emirati Dirham ("AED") to US Dollars ("USD") with effect from 1 January 2022. The change of presentation currency is a voluntary change which is accounted for retrospectively. As a consequence, the comparative information for the year ended 31 December 2021 presented in these financial statements has been restated. Currency translation effects for the comparative figures from functional currency to presentation currency consist of net exchange differences recognised in comprehensive income and accumulated in a separate component of equity.

Profit and loss

	As previously stated 2021	Restated 2021
	AED000	$000
Turnover	100,545	27,373
Cost of sales	(89,718)	(24,425)
Gross profit	10,827	2,948
Administrative expenses	(1,043)	(284)
Operating profit	9,784	2,664
Interest receivable and similar income	114	31
Profit before taxation	9,898	2,695
Tax on profit	—	—
Profit for the financial year	9,898	2,695

18. Comparative figures (continued)

Balance sheet

	As previously stated 2021	Restated 2021
	AED000	$000
Fixed assets	1,442	393
Tangible assets	317	86
Investments	1,759	479
Current assets		
Stocks	6,172	1,680
Debtors: amounts falling due within one year	172,977	47,094
	179,149	48,774
Creditors: amounts falling due within one year	(14,207)	(3,868)
Net current assets	164,942	44,906
TOTAL ASSETS LESS CURRENT LIABILITIES	166,701	45,385
Creditors: amounts falling due after more than one year	(153)	(42)
NET ASSETS	166,548	45,343
Capital and reserves		
Called up share capital	536	146
Foreign currency translation reserve	—	—
Profit and loss account	166,012	45,197
TOTAL EQUITY	166,548	45,343

Statement of changes in equity

	Called up share capital	Foreign currency translation reserve (Note 15)	Profit and loss account	Total
	AED000	AED000	AED000	AED000
Balance at 1 January 2021	536	—	156,114	156,650
Profit for the financial year, representing total comprehensive income	—	—	9,898	9,898
Balance at 31 December 2021	536	—	166,012	166,548
	$000	$000	$000	$000
Balance at 1 January 2021 (Restated)	146	—	42,502	42,648
Profit for the financial year (Restated)	—	—	2,695	2,695
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	—	—	2,695	2,695
Balance at 31 December 2021 (Restated)	146	—	45,197	45,343

19. Immediate and ultimate controlling parent undertaking

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