

**BURMAH CASTROL PLC**  
**(Registered No.SC005098)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**

Board of Directors: N J C Evans  
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The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2022.

**STRATEGIC REPORT**

**Results**

The profit for the year after taxation was \$4,159,042,000 which, when added to the retained profit brought forward at 1 January 2022 of \$1,136,258,000 gives a total retained profit carried forward at 31 December 2022 of \$5,295,300,000.

**Principal activities and review of the business**

The company's principal activity is that of a holding company of an international group whose principal business is the global marketing and manufacturing of specialised lubricants.

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

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
	\$000	\$000	%
Operating Profit	4,149,555	1,017,340	308
Profit for the year	4,159,042	1,017,372	309
Total equity	6,990,325	1,711,283	308

Operating Profit and Profit for the year of 2022 contains dividend received from Castrol Limited (\$4,250,538,000) (2021: Nil) and from The Burmah Oil Company (Pakistan Trading) Limited (\$2,051,942) (2021: Nil).

Total Equity also increased by \$1,120,000,000 (2021: Nil) due to Share Capital increase during 2022.

**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.

## STRATEGIC REPORT

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

- (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 directors of the company aim to balance the needs of its members, managing any conflicts and having regard to long term value creation, including maximising long term shareholder value.

### **Stakeholder engagement**

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

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

- (a) Government/Regulators**  
The company recognises the need to create valued relationships with the Government and regulators centred around ethics and transparency, and the need to discuss relevant regulations and guidance where necessary.  
The board is provided with updates on changes in regulation and/or legislation impacting the company and is committed to keeping the Government/Regulators informed of any significant changes to the company.
- (b) Shareholders**  
The company is committed to maximising long term shareholder value in, whatever form, when making decisions.  
The company operates in accordance with the bp group's System of Internal Control to promote long term success of the company for the shareholder.

## STRATEGIC REPORT

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

#### 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 directors considered and approved the liquidation of its subsidiary The Burmah Oil Company (Pakistan Trading) Limited, which had fulfilled its economic purpose.	The directors considered the impact of such a decision on the long-term prospects of the company, as well as considering the company's desire to maintain a reputation for high standards of business conduct
The company provided equity funding in the form of shares in its wholly owned subsidiary Castrol Holdings International Limited.	The directors considered the impact of such a decision of the company having regard to its business relationship with the company's stakeholders 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)
The company provided equity funding in the form of shares in its wholly owned subsidiary Castrol Holdings Europe B.V.	The directors considered the impact of such a decision of the company having regard to its business relationship with the company's stakeholders 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.

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.

## **STRATEGIC REPORT**

### **Principal risks and uncertainties (continued)**

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.

#### ***Liquidity, financial capacity and financial, including credit, exposure***

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

#### ***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.



## **STRATEGIC REPORT**

### ***Competition***

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

### **Compliance and control risks**

#### ***Ethical misconduct and non-compliance***

Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-bribery and corruption, competition and antitrust, and anti-fraud laws, trade restrictions or other sanctions, could damage the company's reputation, and result in litigation, regulatory action, penalties and potentially affect our licence to operate.

In relation to trade restrictions or other sanctions, current geopolitical factors have increased these risks.

#### ***Regulation***

Changes in the law and regulation, including how they are interpreted and enforced, could increase costs, constrain the company's operations and affect its business plans and financial performance.

#### ***Treasury and treasury trading activities***

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

#### ***Reporting***

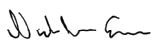
External reporting of financial and non-financial data relies on the integrity of the control environment, bp group's systems and people operating them. Failure to report data accurately and in compliance with applicable standards could result in regulatory action, legal liability and reputational damage.

### **Financial risk management**

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates and interest rates. 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:



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N J C Evans

Director

June 22, 2023

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Registered Office:

1 Wellheads Avenue  
Dyce  
Aberdeen  
AB21 7PB  
United Kingdom

**DIRECTORS' REPORT****BURMAH CASTROL PLC****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 final dividend.

**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.

**Post balance sheet events**

There was no post balance sheet events.

**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 3-5.

The majority of the transactions of the entity are with other bp group companies (group recharges, group dividend payments and income), and the company is funded via the IFA (intercompany funding account - handled by bp Treasury), hence the company solely relies on other bp group entities in this matter.

## **DIRECTORS' REPORT**

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

In assessing the prospects of Burmah Castrol PLC, 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.

### **Stakeholder statements**

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

The Board is committed to doing business ethically and transparently, using bp's values and code of conduct to guide them when engaging and working with business partners. The company's activities, and the decisions of the Board, affect a wide variety of individuals and organisations. The directors engage with the company's stakeholders, listening to their differing needs and priorities as part of their role as a senior leader at bp and use the feedback received to inform the Board's decision-making.

The company's section 172(1) statement in the Strategic Report demonstrates how the directors have had regard to the need to foster business relationships with suppliers, customers and other stakeholders when making decisions on behalf of the company.

### **Streamlined Energy & Carbon Reporting (SECR)**

As a UK subsidiary of a UK parent company which prepares a group directors' report, SECR reporting details are included in the strategic report of the bp group Annual Report and Form 20-F for the year ended 31 December 2022.

### **Auditors**

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

## **DIRECTORS' REPORT**

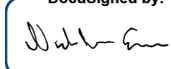
### **Directors' statement as to the disclosure of information to the auditor**

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.

Authorized for issue on behalf of the Board

DocuSigned by:  
  
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N J C Evans  
Director

June 22, 2023

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Registered Office:

1 Wellheads Avenue  
Dyce  
Aberdeen  
AB21 7PB  
United Kingdom

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE FINANCIAL STATEMENTS**  
**BURMAH CASTROL PLC**

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 BURMAH CASTROL PLC****Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Burmah Castrol PLC (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 16.

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

We discussed among the audit engagement team including relevant internal specialists such as impairment specialist 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, internal audit and external 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.

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Giles Murphy (Senior Statutory Auditor)

**for and on behalf of Deloitte LLP, Statutory Auditor**

London, United Kingdom

~~June 23, 2023~~\_\_\_\_\_



**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**BURMAH CASTROL PLC**

		<u>2022</u>	<u>2021</u>
	<b>Note</b>	<b>\$000</b>	<b>\$000</b>
Dividend income	<b>3</b>	4,252,590	—
Administrative expenses		(48,081)	(36,757)
Impairment of fixed asset investments	<b>9</b>	(54,954)	—
Reversal of impairment of fixed asset investments	<b>9</b>	—	1,054,097
<b>Operating Profit</b>	<b>4</b>	<u>4,149,555</u>	<u>1,017,340</u>
 Interest receivable and similar income	 <b>6</b>	 9,487	 32
<b>Profit before taxation</b>		4,159,042	1,017,372
 Tax on profit	 <b>7</b>	 —	 —
<b>Profit for the financial year</b>		<u><u>4,159,042</u></u>	<u><u>1,017,372</u></u>

The profit of \$4,159,042,000 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**

**BURMAH CASTROL PLC**

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****BURMAH CASTROL PLC****(Registered No.SC005098)**

	Note	2022 \$000	2021 \$000
<b>Fixed assets</b>			
Investments	9	2,890,706	1,768,288
<b>Current assets</b>			
Debtors – amounts falling due within one year	10	4,104,833	1,814
Cash at bank and in hand		475	532
		4,105,308	2,346
Creditors: amounts falling due within one year	11	(4,956)	(57,238)
<b>Net current assets</b>		4,100,352	(54,892)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,991,058	1,713,396
Creditors: amounts falling due after more than one year	11	(475)	(545)
<b>Provisions for liabilities and charges</b>			
Other provisions	12	(258)	(1,568)
<b>NET ASSETS</b>		6,990,325	1,711,283
<b>Capital and reserves</b>			
Called up share capital	13	1,233,923	113,923
Share premium account	14	191,310	191,310
Profit and loss account	14	5,295,300	1,136,258
Capital redemption reserve	14	269,792	269,792
<b>TOTAL EQUITY</b>		6,990,325	1,711,283

Authorized for issue on behalf of the Board

DocuSigned by:



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N J C Evans

Director

June 22, 2023

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	(Note 13)	(Note 14)	(Note 14)	(Note 14)	
	\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 January 2021</b>	113,923	191,310	269,792	118,886	693,911
Profit for the financial year, representing total comprehensive income	—	—	—	1,017,372	1,017,372
<b>Balance at 31 December 2021</b>	113,923	191,310	269,792	1,136,258	1,711,283
<b>Balance at 1 January 2022</b>	113,923	191,310	269,792	1,136,258	1,711,283
Profit for the financial year, representing total comprehensive income	—	—	—	4,159,042	4,159,042
Issue of share capital	1,120,000	—	—	—	1,120,000
<b>Balance at 31 December 2022</b>	1,233,923	191,310	269,792	5,295,300	6,990,325

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**BURMAH CASTROL PLC**

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

The financial statements of Burmah Castrol PLC for the year ended 31 December 2022 were approved by the board of directors on \_\_\_\_\_ 2023 and the balance sheet was signed on the board's behalf by N J C Evans. Burmah Castrol PLC is a public limited company incorporated, domiciled and registered in Scotland (registered number SC005098). The company's registered office is at 1 Wellheads Avenue, Dyce, Aberdeen, AB21 7PB, 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.

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 16 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;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets;
- (h) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;

## NOTES TO THE FINANCIAL STATEMENTS

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

#### **Basis of preparation (continued)**

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 16.

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 areas requiring the most significant judgement and estimation in the preparation of the financial statements are: the recoverability of asset carrying values.

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

#### ***Judgements and estimates made in assessing the impact of the geopolitical and economic environment***

In preparing the financial statements, the following areas involving judgement and estimates were identified as most relevant with regards to the impact of the current geopolitical and economic environment.

##### **Discount rate assumptions**

The discount rates used for impairment testing and provisions were reassessed during the year in light of changing economic and geopolitical outlooks. Impairment discount rates were increased from those reported in 2021. See significant judgements and estimates: recoverability of asset carrying values and provisions for further information.

#### **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.

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

Liquidity and financing is managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see pages 3-5.

The majority of the transactions of the entity are with other bp group companies (group recharges, group dividend payments and income), and the company is funded via the IFA (intercompany funding account - handled by bp Treasury), hence the company solely relies on other bp group entities in this matter.

In assessing the prospects of Burmah Castrol PLC, 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.

As the company is considered to be an intermediate holding company, and therefore an extension of its parent company, its functional currency is the same as its parent company.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments

Fixed asset investments in subsidiaries 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.

All other fixed asset investments are stated in the financial statements at cost less provisions for impairment.

#### *Significant judgements and estimates: impairment of investments*

Determination as to whether, and how much, an investment is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas and refined products.

For value in use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The pre-tax discount rate is based upon the cost of funding the group derived from an established model, adjusted to a pre-tax basis. Fair value less costs of disposal calculations use the post-tax discount rate. The discount rates applied in impairment tests are reassessed each year.

See Note 9 for details of the assumptions used.

#### Impairment of intangible and 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. If any such indication of impairment exists, the company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. If it is probable that the value of the CGU will primarily be recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

The business segment plans, which are approved on an annual basis by senior management, are the primary source of information for the determination of value in use. They contain forecasts for refinery throughputs, sales volumes for various types of refined products (e.g. gasoline and lubricants), revenues, costs and capital expenditure. Carbon taxes and costs of emissions allowances are also included in estimates of future cash flows, based on the regulatory environment in each jurisdiction in which the group operates. As an initial step in the preparation of these plans, various assumptions regarding market conditions, such as oil prices, natural gas prices, power prices, refining margins, refined product margins and cost inflation rates are set by senior management. These assumptions take account of existing prices, global supply-demand equilibrium for oil and natural gas, other macroeconomic factors and historical trends and variability.

In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group that are not reflected in the discount rate and are discounted to their present value typically using a pre-tax discount rate that reflects current market assessments of the time value of money.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### **Impairment of intangible and tangible assets (continued)**

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

In limited circumstances where recent market transactions are not available for reference, discounted cash flow techniques are applied. Where discounted cash flow analyses are used to calculate fair value less costs of disposal, estimates are made about the assumptions market participants would use when pricing the asset, CGU or group of CGUs containing goodwill and the test is performed on a post-tax basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

#### ***Significant judgements and estimates: recoverability of asset carrying values***

##### *Discount rates*

For discounted cash flow calculations, future cash flows are adjusted for risks specific to the CGU. Value-in-use calculations are typically discounted using a pre-tax discount rate based upon the cost of funding the bp group derived from an established model, adjusted to a pre-tax basis and incorporating a market participant capital structure and country risk premiums. Fair value less costs of disposal calculations use the post-tax discount rate.

The discount rates applied in impairment tests are reassessed each year and in 2022 the post-tax discount rate used was 7% (2021 6%), while the pre-tax discount rate was 9% (2021 7%) for UK companies. For other countries we used rates applicable to them.

#### **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 amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognized or impaired and when interest is recognized using the effective interest method. This category of financial assets includes trade and other receivables.



## 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 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 using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest receivable and similar income and interest payable and similar charges. This category of financial liabilities includes trade and other payables and finance debt.

#### **Offsetting of financial assets and liabilities**

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

#### **Provisions and contingent liabilities**

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

## NOTES TO THE FINANCIAL STATEMENTS

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

#### **Provisions and contingent liabilities (continued)**

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

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

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **Taxation (continued)**

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

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

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

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

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

#### **Interest income**

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

#### **Dividend income**

Dividend income from investments is recognized when the shareholders' right to receive the payment is established.

#### **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.

#### **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.

**NOTES TO THE FINANCIAL STATEMENTS****3. Turnover**

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

	2022	2021
	\$000	\$000
Dividend income	4,252,590	—
Interest receivable and similar income (Note 6)	9,487	32
	<u>4,262,077</u>	<u>32</u>

Dividend is received from Castrol Limited (\$ 4,250,538,000) (2021: Nil) and The Burmah Oil Company (Pakistan Trading) Limited (\$ 2,051,942) (2021: Nil).

**4. Operating profit**

This is stated after charging / (crediting):

	2022	2021
	\$000	\$000
Dividend income	(4,252,590)	—
Impairment of investments	54,954	—
Net foreign exchange losses / (gains)	46,353	(2,531)
Recharges	1,415	38,243
Disposal of investment	313	—
Reversal of impairment of investments	—	(1,054,097)
Other taxes	<u>—</u>	<u>1,045</u>

**5. Auditor's remuneration**

	2022	2021
	\$000	\$000
Fees for the audit of the company	<u>34</u>	<u>32</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 Burmah Castrol PLC'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.

**6. Interest receivable and similar income**

	2022	2021
	\$000	\$000
Interest income from amounts owed by group undertakings	9,487	32
Total interest receivable and similar income	<u>9,487</u>	<u>32</u>

**NOTES TO THE FINANCIAL STATEMENTS****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:

	<u>2022</u>	<u>2021</u>
	\$000	\$000
Profit before taxation	4,159,042	1,017,372
Tax charge	—	—
Effective tax rate	— %	— %
	<u>2022</u>	<u>2021</u>
	%	%
UK statutory corporation tax rate:	19.0	19.0
Increase / (decrease) resulting from:		
Income not taxable	(19.5)	(19.7)
Expenses not deductible	0.5	0.7
Effective tax rate	<u>—</u>	<u>—</u>

**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 \$258,578,567 (2021: \$289,530,776) relating to 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. Investments**

	Investment in subsidiaries	Total
<b>Cost</b>	\$000	\$000
At 1 January 2021	1,729,579	1,729,579
Additions	38,709	38,709
At 31 December 2021	<u>1,768,288</u>	<u>1,768,288</u>
At 1 January 2022	1,768,288	1,768,288
Additions	1,177,685	1,177,685
Disposals	(313)	(313)
At 31 December 2022	<u>2,945,660</u>	<u>2,945,659</u>
<b>Impairment losses</b>		
At 1 January 2021	(1,054,097)	(1,054,097)
Reversal	1,054,097	1,054,097
At 31 December 2021	<u>—</u>	<u>—</u>
At 1 January 2022	—	—
Charge for the year	(54,954)	(54,954)
At 31 December 2022	<u>(54,954)</u>	<u>(54,954)</u>
<b>Net book amount</b>		
At 31 December 2022	<u>2,890,706</u>	<u>2,890,706</u>
At 31 December 2021	<u>1,768,288</u>	<u>1,768,288</u>

The investments in the subsidiary undertakings are unlisted and stated at cost less provision for impairment.

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

The investment addition of \$1,177,685 thousand relates to the additional investment in Castrol Holdings Europe B.V. (\$977,685 thousand) and Castrol Holdings International Limited (\$200,000 thousand).

The disposal of \$313 thousand relates to The Burmah Oil Company (Pakistan Trading) Limited, which is under liquidation.

Impairment indicators have been identified for Lubricants UK Limited, Castrol Holdings Europe B.V. and Castrol Holdings International Limited. For these investments we calculated recoverable amounts based on future cash flows projections.

Key elements for determining recoverable amount are the following:

- Future cash flows have been obtained from the finance teams and were supported by management.
- Cash flows are projected for 10 years (9 years for Lubricants UK Limited) to align with the last year approach and also to make sure that future cash flows are stabilized to calculate terminal value.
- Country discount rates have been used.

Where there was sufficient headroom, no impairment was recognised.

Impairment of \$54,954 thousand was recognised in relation to the investment in Castrol Holdings International Limited.

**NOTES TO THE FINANCIAL STATEMENTS****9. Investments (continued)**

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

**Subsidiary undertakings**

<b>Company name</b>	<b>Class of share held</b>	<b>%</b>	<b>Registered address</b>	<b>Principal activity</b>
Lubricants UK Limited	Ordinary shares	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Blending and marketing, management services
Castrol Limited	Ordinary shares	100	Technology Centre, Whitchurch Hill, Pangbourne, Reading, RG8 7QR, United Kingdom	Holding Company
Castrol Holdings Europe B.V.	Ordinary shares	100	d'Arcyweg 76 3198 NA Europoort Rotterdam Netherlands	Holding Company
Castrol Holdings Americas Limited	Ordinary shares	100	Chertsey Road Sunbury on Thames Middlesex TW16 7BP United Kingdom	Holding Company
Castrol Holdings International Limited	Ordinary shares	100	Chertsey Road Sunbury on Thames Middlesex TW16 7BP United Kingdom	Holding Company
The Burmah Oil Company (Pakistan Trading) Limited	Ordinary shares	100	C/O Bdo Llp 2 Atlantic Square 31 York Street Glasgow G2 8NJ.	No longer trading, the entity is under liquidation

**10. Debtors**

Amounts falling due within one year:

	2022	2021
	\$000	\$000
Amounts owed from fellow subsidiaries	4,104,575	205
Other debtors	258	1,609
Total debtors	<u>4,104,833</u>	<u>1,814</u>

Amounts owed from fellow subsidiaries comprise a variable rate funding account of \$4,104 million (2021 \$17 million payable). Interest is accrued on a monthly basis based on USD 1 month LIBOR. Whilst IFA (Internal Financing Account) are legally repayable on demand, in practice they have no termination date. Other debtors also comprise a group receivable of \$0.3 million (2021 \$1.6 million) as indemnity asset against BP Global Investments Limited for any payments that Burmah Castrol PLC is obligated in regard to asbestos provision.

**NOTES TO THE FINANCIAL STATEMENTS****11. Creditors**

Amounts falling due within one year:

	2022	2021
	\$000	\$000
Amounts owed to fellow subsidiaries	4,956	57,238
	<u>4,956</u>	<u>57,238</u>

Amounts falling due after one year:

	2022	2021
	\$000	\$000
Other creditors	475	545
	<u>475</u>	<u>545</u>
Total creditors	<u>5,431</u>	<u>57,783</u>

The amounts owed to fellow subsidiaries comprise current group liabilities against BP UK Retained Holdings in amount of \$4.5 million (2021 \$4.5 million). Other creditors balance contains non-current loan notes of \$0.5 million.

**12. Other provisions**

	Total
	\$000
At 1 January 2022	1,568
Utilization	(1,310)
At 31 December 2022	<u>258</u>

Provisions are in respect of asbestos related toxic tort claims in France faced by a former subsidiary of the company (Foseco Expandite Limited). The company has been indemnified by BP Global Investments Limited for amounts arising under this liability, and the company has accordingly recognised an associated indemnity asset (see Note 10). For information on significant judgements and estimates made in relation to provisions, see Provisions within Note 2.

**13. Called up share capital**

	2022	2021
	\$000	\$000
Issued and fully paid:		
2,362,971,367 (2021: 178,969,183) Ordinary shares of £0.42 each for a total nominal value of £992,447,974 (2021: £75,167,057)	1,233,923	113,923
	<u>1,233,923</u>	<u>113,923</u>

On 08 December 2022, 2,184,002,184 ordinary shares of £0.42 each for a total nominal value of \$1,120,000,000 (£917,280,917) were allotted to the parent company at par value.



**NOTES TO THE FINANCIAL STATEMENTS****14. 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.

*Share premium account*

The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary shares.

*Profit and loss account*

The balance held on this reserve is the retained profits of the company.

*Capital redemption reserve*

The capital redemption reserve represents amounts which are transferred following the redemption or purchase of the company's own shares.

In 2022 no dividend was paid during the year (2021: Nil). The dividend per share was \$0.00 (2021 \$0.00).

**15. 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.

**16. 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 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.