

BRITANNIC STRATEGIES LIMITED

(Registered No.SC123106)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

Board of Directors: B M Puffer
D J Bucknall
S H Weintraub

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2019.

STRATEGIC REPORT**Results**

The profit for the year after taxation was \$2,102,000 which, when added to the accumulated loss brought forward at 1 January 2019 of \$29,514,000 gives an accumulated loss carried forward at 31 December 2019 of \$27,412,000.

Principal activities and review of the business

During the year, the company was involved in precious metals trading and has continued to invest in business opportunities in South East Asia, the Middle East and West Africa.

The majority of the operating loss of \$3,693,000 resulted from the further impairment of the investment loan with Water Way Trading and Petroleum Services LLC and the fair value loss on financial assets. The majority of this fair value loss relates to a loan receivable balance with FatHopes Holding Pte. Ltd ('FHE'). See Note 12 for further details.

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

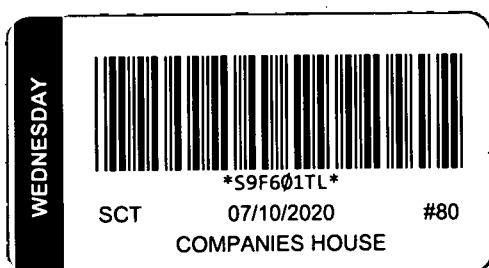
	2019	2018	Variance
	\$000	\$000	\$000
Turnover	40,933	32,728	8,205
Operating loss	(3,693)	(7,140)	3,447
Profit / (loss) for the year	2,102	(4,494)	6,596
Total equity	178,652	176,550	2,102

	2019	2018	Variance
Quick ratio*	1,460%	2,753%	(1,293)

*Quick ratio is defined as current assets (excluding stocks, debtors falling due after one year, derivatives and other financial instruments falling due after one year and deferred tax assets) divided by current liabilities.

The increase in the turnover has been a result of an increase in the demand and quantities of precious metals traded.

The decrease in the quick ratio is mainly a result of the increase in amounts owed to fellow subsidiaries.



STRATEGIC REPORT

Section 172 (1) statement

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

Section 172 factors

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

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

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

A principal decisions taken by the directors during the year is the decision to provide FatHopes Holding Pte. Ltd. ("FHE") with a 10 year convertible loan facility of up to \$38.12m, with the option to extend for a further 5 years thereafter (the "Loan"). FHE, one of the largest used cooking oil ("UCO") amalgamators in Malaysia, has developed a technology called the "iTank" to collect UCO from the fryers of large fastfood chains in Malaysia and on-sell as biofuel feedstock to biofuel producers.

The decision by the directors of the company to support FHE with capital to expand within and beyond Malaysia, was a strategic decision aligned with the long term strategy of the company to continue to invest in further business opportunities within South East Asia. In addition to long term strategy of the company, the directors also considered the impact of the decision on key stakeholders of the company including BP Singapore Pte. Limited ("BPS"). BPS is a BP subsidiary company which has a commercial arrangement with FHE. Under the terms of the Loan, BPS will secure an exclusive 10-year advantaged used cooking oil offtake agreement from FHE.

The relevant factors taken into account during the decision making process, in furtherance of the company's purpose, were to support the growth of these business opportunities.

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

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

Principal risks and uncertainties

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

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the company's strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation. Unless stated otherwise, further details on these risks are included

STRATEGIC REPORT

within the risk factors in the strategic report of the BP group Annual Report and Form 20-F for the year ended 31 December 2019.

Strategic and commercial risks

Prices and markets

The company's financial performance is subject to fluctuating prices of oil, gas, petrochemicals and refined products, technological change, exchange rate fluctuations and the general macroeconomic outlook. Political developments, increased supply of oil and gas or low carbon energy sources, technological change, global economic conditions, public health situations and the influence of OPEC can impact supply and demand and prices for our products.

Geopolitical

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment may disrupt or curtail the company's operations or development activities. These may in turn cause production to decline, limit the company's ability to pursue new opportunities, affect the recoverability of our assets or cause us to incur additional costs. Political developments may include international sanctions, expropriation or nationalization of property, civil strife, strikes, insurrections, acts of terrorism or war and public health situations (including an outbreak of an epidemic or pandemic).

The impact of the UK's exit from the EU

BP have been assessing the potential impact on the group of Brexit and the UK's future global relationships. BP have been considering different outcomes but do not believe any of these outcomes pose a significant risk to the business. The BP board's geopolitical committee continues to monitor these developments.

Liquidity, financial capacity and financial, including credit, exposure

Failure to work within the financial framework set by the BP group could impact the company's ability to operate and result in financial loss.

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.

Digital infrastructure and cybersecurity

Breach or failure of the company's or third parties' digital infrastructure or cyber security, including loss or misuse of sensitive information could damage its operations and reputation or increase costs.

Climate change and the transition to a lower carbon economy

Policy, legal, regulatory, technology and market developments related to the issue of climate change could increase costs, reduce demand for our products, reduce revenue and limit certain growth opportunities.

Insurance

The BP group's insurance strategy could expose the BP group to material uninsured losses 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 that could cause harm to people, the environment, the company's assets and result in regulatory action, legal liability, business interruption, increased costs, damage to its reputation and potentially denial of its licence to operate.

Security

Hostile acts against the company's staff and activities could cause harm to people and disrupt its operations.

DIRECTORS' REPORT**BRITANNIC STRATEGIES LIMITED****Directors**

The present directors are listed on page 1.

A H Haywood and B M Puffer served as directors throughout the financial year. Changes since 1 January 2019 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
C L Howle	13 January 2020	20 August 2020
A H Haywood	—	20 August 2020
R S Lawson	—	13 January 2020
D J Bucknall	19 August 2020	—
S H Weintraub	19 August 2020	—

Directors' indemnity

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

Dividends

The company has not declared any dividends during the year (2018 \$0). The directors do not propose the payment of a 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 1.6) 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

Since 31 December 2019, oil and gas prices have fallen sharply in large part due to the impact of the international spread of COVID-19 (Coronavirus) and geopolitical factors. The impact of COVID-19 and the current economic environment on the basis of preparation of these financial statements has been considered. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Further details are provided under Going Concern below. This is a non-adjusting event for the financial statements for the period ending 31 December 2019.

On 15 June 2020 BP issued a press release detailing revised investment appraisal long-term oil and gas price assumptions used in tangible assets impairment testing. The revised long-term price assumptions used to determine recoverable amount based on value-in-use impairment tests are an average of \$55/bbl for Brent and \$2.90 per MMBtu for Henry Hub for the period of 2021-2050 (in 2020 prices). Impairment tests have been performed for the purposes of the BP Plc group financial statements as at 30 June 2020. As a result of the revised long-term price assumptions and a review of the long-term strategic plan, management also reviewed BP's exploration prospects and the carrying value of the associated intangible assets. The outcome of the review has resulted in revised judgements over the expectations to extract value from certain prospects. Impairment charges related to tangible, exploration and appraisal assets may be recognised in subsidiary undertakings of the company, though this is not currently expected. As these revisions and impairments relate to events and circumstances arising since 31 December, this is non-adjusting event for the financial statements for the period ending 31 December 2019. A review of the impact of any impairments on the carrying value of the investments

DIRECTORS' REPORT

held by Britannic Strategies Limited, and the recognition of any resulting impairment charges, will be included in the financial statements for the year ended 31 December 2020.

On 27 July 2020 the directors approved the sale of the company's interest in SKA Energy Holdings Limited to IKON Petroleum DMCC for a total consideration of \$9,000,000, inclusive of cash and working capital.

On 5 August 2020 the company approved the purchase of 170,000 ordinary shares of \$1 each, being 10% of the issued share capital of Britannic Investments Iraq Limited.

On 27 August 2020 the company approved the sale of BSL's interest in BP Gas & Power Investments Limited to BP International Limited at book value of \$1.

Going concern

The directors have assessed the prospects of the company over a period of at least 12 months. The directors have considered expectations of the position and performance of the company over this period, taking account of its short-term and longer-range plans. Taking into account the company's current position and its principal risks on pages 2-4, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months.

Since 31 December 2019, the oil price has fallen sharply in large part due to the impact of the international spread of COVID-19 (Coronavirus) and geopolitical factors. The impact of COVID-19 and the current economic environment on the basis of preparation of these financial statements has been considered.

Britannic Strategies Limited is in a positive net assets and net current assets position. This is largely a result of its net group funding debit balance of \$118m held with BP International Limited, which far exceeds the company's external liabilities. The BP group has good access to callable funds which provides assurance that entities holding a group funding surplus could access their funds at short notice. Therefore, the company would be able to access cash from the group to pay any external debts as they fall due.

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

In assessing the prospects of Britannic Strategies 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.

DIRECTORS' REPORT**Stakeholder statement****Engagement with other stakeholders**

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

The company's activities affect a wide variety of individuals and organizations. The company engages with these stakeholders and listens to their differing needs and priorities as an everyday part of its business and uses the input and feedback to inform its decision making process.

On behalf of the company, the BP group participates in industry associations that offer opportunities to share good practices and collaborate on issues of importance. Additionally, the BP group works with governments on a range of issues that are relevant to its business, from regulatory compliance, to understanding tax liabilities, to collaborating on community initiatives.

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

Feedback from such engagement has been considered by the directors during the decision making process where relevant.

Consideration was given to these matters in the principal decision undertaken by the company during the financial year in relation to the Loan, as mentioned in further detail within the strategic report of these accounts.

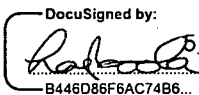
Directors' statement as to the disclosure of information to the auditor

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 s418 of the Companies Act 2006.

Authorized for issue by Order of the Board

DocuSigned by:
 6 October 2020
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For and on behalf of
 Sunbury Secretaries Limited
 Company Secretary
 Registered Office:

1 Wellheads Avenue
 Dyce
 Aberdeen
 AB21 7PB
 United Kingdom

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

BRITANNIC STRATEGIES 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 BRITANNIC STRATEGIES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Britannic Strategies Limited (the company):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 20.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

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.

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:

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05 October 2020

Rizwan Majid, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP, Statutory Auditor
 London, UK

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2019****BRITANNIC STRATEGIES LIMITED**

		2019	2018
	Note	\$000	\$000
Turnover	3	40,933	32,728
Cost of sales		(40,235)	(32,119)
Gross profit		<u>698</u>	<u>609</u>
Dividend income	19	2,310	162
Administrative expenses		(2,288)	(257)
Impairment of fixed asset investments	4	(2,136)	(7,654)
Fair value loss on financial assets	4	(2,277)	—
Operating loss	4	<u>(3,693)</u>	<u>(7,140)</u>
Interest receivable and similar income	6	5,825	6,190
Interest payable and similar expenses	7	—	(62)
Profit / (loss) before taxation		<u>2,132</u>	<u>(1,012)</u>
Taxation	8	(30)	(3,482)
Profit / (loss) for the year		<u><u>2,102</u></u>	<u><u>(4,494)</u></u>

The profit of \$2,102,000 for the year ended 31 December 2019 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

BALANCE SHEET**AT 31 DECEMBER 2019****BRITANNIC STRATEGIES LIMITED**
(Registered No.SC123106)

	Note	2019 \$000	2018 \$000
Fixed assets			
Investments	10	49,579	56,114
Current assets			
Stocks	11	383	831
Debtors – amounts falling due:			
within one year	12	125,148	119,316
after one year	12	13,008	4,623
Derivatives and other financial instruments:			
after one year	14	620	—
Cash at bank and in hand		56	—
		139,215	124,770
Creditors: amounts falling due within one year	13	(8,578)	(4,334)
Net current assets		130,637	120,436
TOTAL ASSETS LESS CURRENT LIABILITIES		180,216	176,550
Creditors: amounts falling due after more than one year	13	(1,564)	—
NET ASSETS		<u>178,652</u>	<u>176,550</u>
Capital and reserves			
Called up share capital	15	206,064	206,064
Profit and loss account	16	(27,412)	(29,514)
TOTAL EQUITY		<u>178,652</u>	<u>176,550</u>

Authorized for issue on behalf of the Board

DocuSigned by:

Puffer, Brian M.

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B M Puffer

Director

5 October 2020

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STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2019****BRITANNIC STRATEGIES LIMITED**

	Called up share capital (Note 15)	Profit and loss account (Note 16)	Total
	\$000	\$000	\$000
Balance at 1 January 2018	206,064	(25,020)	181,044
Loss for the year, representing total comprehensive income	—	(4,494)	(4,494)
Balance at 31 December 2018	206,064	(29,514)	176,550
Profit for the year, representing total comprehensive income	—	2,102	2,102
Balance at 31 December 2019	<u>206,064</u>	<u>(27,412)</u>	<u>178,652</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2019****BRITANNIC STRATEGIES LIMITED****1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)**

The financial statements of Britannic Strategies Limited for the year ended 31 December 2019 were approved by the board of directors on 5 October 2020 and the balance sheet was signed on the board's behalf by B M Puffer. Britannic Strategies Limited is a private company, limited by shares incorporated, domiciled and registered in Scotland (registered number SC123106). 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 as modified by certain financial instruments recognised at fair value. 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 20 to the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures
- (b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement
- (c) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- (d) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- (e) the requirements of IAS 7 Statement of Cash Flows
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective
- (g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- (h) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (i) the 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
- (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

NOTES TO THE FINANCIAL STATEMENTS

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 20.

The financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars (\$000).

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.

Significant accounting policies

Going concern

The directors have 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 and the financial statements have therefore been prepared under the going concern basis.

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

Foreign currency

The functional and presentation currency of the financial statements is 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.

Investments

Fixed asset investments in subsidiaries, joint ventures and 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Interests in joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The company recognizes, on a line-by-line basis, its share of the assets, liabilities and expenses of these joint operations incurred jointly with the other partners, along with the company's income from the sale of its share of the output and any liabilities and expenses that the company has incurred in relation to the joint operation.

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.

Significant judgement: interests in other entities

Judgement is required in assessing the level of control or influence over another entity in which the company holds an interest. Depending upon the facts and circumstances in each case, the company may obtain control, joint control or significant influence over the entity or arrangement. Transactions which give the company control of a business are business combinations. If the company obtains joint control of an arrangement, judgement is also required to assess whether the arrangement is a joint operation or a joint venture. If the company has neither control nor joint control, it may be in a position to exercise significant influence over the entity, which is then accounted for as an associate held at cost.

Stocks

Stocks, other than stocks held for trading purposes, 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.

Stocks held for short-term trading purposes are stated at fair value less costs to sell and any changes in fair value are recognized in the profit and loss account.

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

Metal leasing

The company engages in precious metal leasing where it acts as a procurer for other group and external counterparties. The metal leases are classified as commodity loans and are outside the scope of IFRS 16 lease contracts. The metal leases are recognized in the profit and loss account on a straight-line basis, in line with the lease contract and are not marked to market. The lease contracts specify an obligation to return the metal at the end of the lease term. The company has elected not to recognize the asset of the precious metal and the non-financial liability of returning the metal at the conclusion of the contract.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The company derecognizes financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party along with either substantially all of the risks and rewards or control of the asset. This includes the derecognition of receivables for which discounting arrangements are entered into.

The company classifies its financial assets as measured at amortized cost or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired and when interest is recognized using the effective interest method. This category of financial assets includes trade and other receivables.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account.

Impairment of financial assets measured at amortized cost

The company assesses on a forward-looking basis the expected credit losses associated with financial assets classified as 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 of 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.

NOTES TO THE FINANCIAL STATEMENTS

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized 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 in interest receivable and similar income and interest payable and similar expenses respectively. This category of financial liabilities includes trade and other payables and finance debt.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract. Contracts are assessed for embedded derivatives when the company becomes a party to them, including at the date of a business combination. Embedded derivatives are measured at fair value at each balance sheet date. Any gains or losses arising from changes in fair value are taken directly to the profit and loss account.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or BP's assumptions about pricing by market participants.

Offsetting of financial assets and liabilities

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

Taxation

Income tax expense represents the 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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.

Impact of new International Financial Reporting Standards

The company adopted IFRS 16 'Leases', which replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease', with effect from 1 January 2019. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the financial statements.

The adoption of IFRS 16 has had no material impact on the company's financial statements.

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

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

	2019	2018
	\$000	\$000
Trading of metal contracts	40,933	32,728
	<u>40,933</u>	<u>32,728</u>
Interest receivable and similar income (Note 6)	5,825	6,190
Income from shares in group undertakings	2,310	—
	<u>49,068</u>	<u>38,918</u>

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

	2019	2018
	\$000	\$000
Class of business:		
Other business and corporate	40,933	32,728
	<u>40,933</u>	<u>32,728</u>

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

	2019	2018
	\$000	\$000
By geographical area:		
UK	18,876	15,390
Rest of Europe	3,753	12,704
USA	16,423	4,174
Rest of World	1,881	460
Total	<u>40,933</u>	<u>32,728</u>

4. Operating loss

This is stated after charging:

	2019	2018
	\$000	\$000
Impairment of fixed asset investments	2,136	7,654
Fair value loss on financial assets	<u>2,277</u>	<u>—</u>

5. Auditor's remuneration

	2019	2018
	\$000	\$000
Fees for the audit of the company	<u>14</u>	<u>16</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 Britannic Strategies Limited's ultimate parent, BPp.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

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

	2019	2018
	\$000	\$000
Interest income from amounts owed by group undertakings	4,936	3,316
Other interest income	889	2,874
Total interest receivable and similar income	<u>5,825</u>	<u>6,190</u>

7. Interest payable and similar expenses

	2019	2018
	\$000	\$000
Interest expense on:		
Loans from group undertakings	—	62
Total interest payable and similar expenses	<u>—</u>	<u>62</u>

8. Taxation

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

The taxation charge in the profit and loss account is made up as follows:

	2019	2018
	\$000	\$000
Current tax		
UK corporation tax on income for the year	—	2,218
Double taxation relief	—	(2,218)
Overseas tax on income for the year	30	3,482
Total current tax charged	<u>30</u>	<u>3,482</u>
Tax charged on profit / (loss)	<u>30</u>	<u>3,482</u>

(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 2019 (2018 19%). The differences are reconciled below:

	2019	2018
	\$000	\$000
Profit / (Loss) before taxation	2,132	(1,012)
Tax charge	30	3,482
Effective tax rate	1%	(344)%

NOTES TO THE FINANCIAL STATEMENTS

	<u>2019</u>	<u>2018</u>
	%	%
UK statutory corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Non-taxable (expenses) / income	(44)	8
Provision against investment in subsidiaries	—	(105)
Overseas tax	3	(125)
Free group relief	(110)	123
Write off of loan	41	(39)
Dividends not subject to UK tax	—	3
Expenses not deductible for tax purposes	97	(12)
Chargeable gains in excess of accounting gain/loss on disposal	—	(219)
Movements in unrecognised deferred tax	(3)	3
Effective tax rate	<u>1</u>	<u>(344)</u>

Change in corporation tax rate

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

9. Directors and employees**(a) Remuneration of directors**

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2018 \$Nil).

(b) Employee costs

The company had no employees during the year (2018 None).

NOTES TO THE FINANCIAL STATEMENTS

10. Investments

	Note	Investment in subsidiaries	Investment in associates	Investment in joint ventures	Loans to associates / joint ventures	Other investments	Total
Cost		\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2018		13,330	995	61,333	46,859	49,969	172,486
Additions		310	1,172	1,841	3,574	—	6,897
Disposals		—	—	—	—	(49,969)	(49,969)
Loan repayment		—	—	—	(6,000)	—	(6,000)
At 31 December 2018		13,640	2,167	63,174	44,433	—	123,414
At 1 January 2019		13,640	2,167	63,174	44,433	—	123,414
Additions		1,560	1,091	—	2,136	1,000	5,787
Loan repayment		—	—	—	(10,517)	—	(10,517)
At 31 December 2019		15,200	3,258	63,174	36,052	1,000	118,684
Impairment							
At 1 January 2018		(5,030)	—	(22,433)	(32,183)	—	(59,646)
Charge for the year	4	—	—	(5,590)	(2,064)	—	(7,654)
At 31 December 2018		(5,030)	—	(28,023)	(34,247)	—	(67,300)
At 1 January 2019		(5,030)	—	(28,023)	(34,247)	—	(67,300)
Charge for the year	4	—	—	—	(2,136)	—	(2,136)
Loan repayment		—	—	—	331	—	331
At 31 December 2019		(5,030)	—	(28,023)	(36,052)	—	(69,105)
Net book amount							
At 31 December 2019		10,170	3,258	35,151	—	1,000	49,579
At 31 December 2018		8,610	2,167	35,151	10,186	—	56,114

The investments in subsidiaries, associates and joint ventures are all stated at cost less provision for impairment.

Impairments in 2019 relate to a further impairment of the investment loan with Water Way Trading and Petroleum Services LLC totalling \$2,136,000. This investment loan is being fully provided for and has a carrying amount of \$Nil.

Impairments in 2018 related to a further impairment of investment in the investment loan with Water Way Trading and Petroleum Services LLC totalling \$2,064,000 and an additional impairment against the investment in SKA Energy Holdings Limited of \$5,590,000.

The subsidiary and other undertakings of the company at 31 December 2019 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.

NOTES TO THE FINANCIAL STATEMENTS**Subsidiary undertakings**

Company name	Class of share held	%	Registered address	Principal activity
BP Africa Oil Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Investment Company
BP Oil Senegal Limited**	Ordinary	100	Route de Ouakam x Corniche Ouest, Immeuble Alphadio Barry, Dakar, Senegal	Energy trading
BP Gas & Power Investments Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Investment Company
BP Global West Africa Limited	Ordinary	96	Landmark Towers - 5B, Water Corporation Road, Victoria Island, Lagos, Nigeria	Representative Office
Britannic Investments Iraq Limited	Ordinary	90	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Investment Company
BP Indonesia Investment Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Investment Company
BP Ghana Limited	Ordinary	100	Number 12, Aviation Road, Una Home 3rd Floor, Airport City, Accra, Greater Accra, PMB CT 42, Ghana	Investment Company
Water Way Trading and Petroleum Services LLC**	Ordinary	90	Wharf 1, Khor Al-Zhubair, Basra, Iraq	Investment Company
BP Poseidon Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Energy trading
Britannic Marketing Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Energy trading
BP Commodities Trading Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Energy trading
OOO BP STL***	Member Interest	100	Novinskiy blvd.8, 17th floor, office 11, 121099, Moscow, Russian Federation	Investment Company
BP West Africa Supply Limited**	Ordinary	50	Number 1, Rehoboth Place, Dade Street, North Labone Estates, Accra, Accra Metropolitan, Greater Accra, P.O.BOX CT3278, Ghana	Investment Company
BP Commodity Supply B.V.	Ordinary	100	d'Arcyweg 76 3198 NA Europoort Rotterdam Netherlands	Energy trading
BP Energy Solutions B.V	Ordinary	100	d'Arcyweg 76, 3198 NA Europoort Rotterdam, Netherlands	Energy trading

NOTES TO THE FINANCIAL STATEMENTS**Associated undertakings**

Company name	Class of share held	%	Registered address	Principal activity
Vakt Holdings Limited****	Ordinary	10	24th Floor One Canada Square, London, United Kingdom, E14 5AB	Investment Company

Joint ventures

Company name	Class of share held	%	Registered address	Principal activity
SKA Energy Holdings Limited	Ordinary	50	LOB 16, Suite #309, Jebel Ali Free Zone, Dubai, PO BOX 262794, United Arab Emirates	Investment Company
PT Petro Storindo Energei**	Ordinary	30	Bakrie Tower 17th Floor, Rasuna Epicentrum Complex Jl. H.R Rasuna Said, Jakarta, 12940, Indonesia	Investment Company
BP Sinopec Fuel Marine Fuels Pte Ltd	Ordinary	50	112 Robinson Road, #05-01, Robinson 112, 068902, Singapore	Investment Company

**Those investments held indirectly by the company are marked with a double asterisk

***The company holds a 100% member interest in this investment.

****The company has significant influence and is deemed to be an associate.

During 2019, the company received dividends, net of withholding tax, of \$2,310,000 from BP Sinopec Fuel Marine Fuels Pte Ltd (2018 \$162,000).

11. Stocks

	2019	2018
	\$000	\$000
Trading stocks	383	831

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

12. Debtors

Amounts falling due within one year:

	2019	2018
	\$000	\$000
Trade debtors	412	4,673
Amounts owed from parent undertakings	117,669	108,560
Amounts owed from fellow subsidiaries	1,434	—
Amounts owed from associates	102	—
Other debtors	3,823	3,943
Other taxes and social security costs	1,708	2,140
	125,148	119,316

NOTES TO THE FINANCIAL STATEMENTS

Amounts falling due after one year:

	2019	2018
	\$000	\$000
Other debtors	13,008	4,623
	<u>13,008</u>	<u>4,623</u>
Total debtors	<u>138,156</u>	<u>123,939</u>

Other debtors due within one year relate to amounts receivable in relation to the disposal of the company's 10% equity investment in Pure Biofuels Holdings LP to Valero Energy Corporation for \$49,969,000 in May 2018.

Included within Other debtors falling due after one year is a loan receivable balance of \$8,080,000 related a 10 year term loan facility of up to \$38.12 million to FatHopes Holding Pte. Ltd ('FHE') with the option for the company to acquire a 20% interest in FHE for a pre-determined amount during this term. During the year, the first tranche of \$9,320,000 was drawn down.

The amounts owed from parent undertakings comprise a variable rate funding account of \$117,669,000 (2018 \$108,560,000). Interest is accrued on a monthly basis based on USD daily overnight LIBOR. The interest rate at year end was LIBOR plus 11 basis points (2018 LIBOR plus 11 basis points).

13. Creditors

Amounts falling due within one year:

	2019	2018
	\$000	\$000
Trade creditors	678	628
Amounts owed to parent undertakings	22	1,044
Amounts owed to fellow subsidiaries	6,257	2,614
Other creditors	1,569	—
Other taxes	48	48
Accruals	4	—
Total creditors	<u>8,578</u>	<u>4,334</u>

Amounts falling due after one year:

	2019	2018
	\$000	\$000
Other creditors	1,564	—
	<u>1,564</u>	<u>—</u>
Total creditors	<u>10,142</u>	<u>4,334</u>

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. Derivatives and other financial instruments

During the year the company entered into an agreement to provide a 10 year term loan facility of up to \$38.12 million to FatHopes Holding Pte. Ltd ('FHE') with the option for the company to acquire a 20% interest in FHE for a pre-determined amount during this term. The ability of the company to exercise the equity call option is a contractual right embedded in the term loan facility agreement and is not contingent on the drawdown of the term

NOTES TO THE FINANCIAL STATEMENTS

loan facility. A derivative asset has been recognised to reflect the fair value of the equity call option. This asset is mandatorily classified as fair value through profit and loss.

A discrete simulation approach was determined to be most appropriate method to value the derivative asset as this equity option has a binary outcome, for which there is no market data for the price and volatility of the underlying equity. This approach calculates the total payoff of the option in the event of a successful binary outcome, and then applies a probability weighting to that payoff to calculate its value to the option holder. A 24% chance of success has been applied, given the stage of the investment cycle of FHE and a discount rate has been used to reflect the cost of debt and an additional premium.

The value of the equity call option was calculated as \$0.96m upon signing of the term loan facility agreement and as \$0.62m at the end of the period. The \$0.34m fair value movement has been recognised in fair value loss on financial assets in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

The fair values of derivative financial instruments at 31 December are set out below:

	2019	2019	2018	2018
	Fair value asset \$000	Fair value liability \$000	Fair value asset \$000	Fair value liability \$000
Embedded derivatives				
- Equity call option	620	—	—	—
	<u>620</u>	<u>—</u>	<u>—</u>	<u>—</u>
Of which:				
— non-current derivatives with third parties	620	—	—	—
	<u>620</u>	<u>—</u>	<u>—</u>	<u>—</u>

2019	Less than 1 year \$000	1-2 years \$000	2-3 years \$000	3-4 years \$000	4-5 years \$000	Over 5 years \$000	Total \$000
Fair value of derivative assets							
Level 1	—	—	—	—	—	—	—
Level 2	—	—	—	—	—	—	—
Level 3	—	—	—	620	—	—	620
	<u>—</u>	<u>—</u>	<u>—</u>	<u>620</u>	<u>—</u>	<u>—</u>	<u>620</u>
Less: netting by counterparty	—	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>620</u>	<u>—</u>	<u>—</u>	<u>620</u>

NOTES TO THE FINANCIAL STATEMENTS**15. Called up share capital**

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Issued and fully paid:		
128,399,423 Ordinary shares of £1.00 each for a total nominal value of £128,399,423	206,064	206,064
	<u>206,064</u>	<u>206,064</u>

16. Reserves*Called up share capital*

The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

Profit and loss account

The balance held on this reserve is the accumulated losses of the company.

17. 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.

18. Post balance sheet events

Since 31 December 2019, oil and gas prices have fallen sharply in large part due to the impact of the international spread of COVID-19 (Coronavirus) and geopolitical factors. The impact of COVID-19 and the current economic environment on the basis of preparation of these financial statements has been considered. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Further details are provided in the directors' report. This is a non-adjusting event for the financial statements for the period ending 31 December 2019.

On 15 June 2020 BP issued a press release detailing revised investment appraisal long-term oil and gas price assumptions used in tangible assets impairment testing. The revised long-term price assumptions used to determine recoverable amount based on value-in-use impairment tests are an average of \$55/bbl for Brent and \$2.90 per MMBtu for Henry Hub for the period of 2021-2050 (in 2020 prices). Impairment tests have been performed for the purposes of the BP Plc group financial statements as at 30 June 2020. As a result of the revised long-term price assumptions and a review of the long-term strategic plan, management also reviewed BP's exploration prospects and the carrying value of the associated intangible assets. The outcome of the review has resulted in revised judgements over the expectations to extract value from certain prospects. Impairment charges related to tangible, exploration and appraisal assets may be recognised in subsidiary undertakings of the company, though this is not currently expected. As these revisions and impairments relate to events and circumstances arising since 31 December, this is non-adjusting event for the financial statements for the period ending 31 December 2019. A review of the impact of any impairments on the carrying value of the investments held by Britannic Strategies Limited, and the recognition of any resulting impairment charges, will be included in the financial statements for the year ended 31 December 2020.

On 27 July 2020 the directors approved the sale of the company's interest in SKA Energy Holdings Limited to IKON Petroleum DMCC for a total consideration of \$9,000,000, inclusive of cash and working capital.

On 5 August 2020 the company approved the purchase of 170,000 ordinary shares of \$1 each, being 10% of the issued share capital of Britannic Investments Iraq Limited.

NOTES TO THE FINANCIAL STATEMENTS

On 27 August 2020 the company approved the sale of BSL's interest in BP Gas & Power Investments Limited to BP International Limited at book value of \$1.

19. Comparative figures

Certain prior year figures have been reclassified to conform to the 2019 presentation. This had no impact on the profit and loss for the year or net assets. In both years the company has received dividends from its joint venture BP Sinopec Fuel Marine Fuels Pte Ltd. In the financial statements for the year ended 31 December 2018 this was presented in the profit and loss account as Other operating income. This has been reclassified to show both years income as Dividend income as this is judged to be a more accurate classification.

20. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP International Limited, a company registered in England and Wales. The ultimate controlling parent undertaking is BP p.l.c., a company registered in England and Wales, which is the 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.