

BP ASIA PACIFIC HOLDINGS LIMITED

(Registered No.01094398)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

Board of Directors: D A Rider
K A Thomson
G A Horner

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2018.

STRATEGIC REPORT

Results

The profit for the year after taxation was \$462,419,000 which, when deducted from the accumulated loss brought forward at 1 January 2018 of \$57,491,000, and adjusting for the impact of the share capital reduction of \$1,899,931,000 gives a total accumulated retained profit carried forward at 31 December 2018 of \$2,304,859,000.

Principal activity and review of the business

The company is a holding company for subsidiary undertakings, many of which operate in the Asia Pacific region. It also provides long and short term loan facilities to subsidiary and fellow subsidiary undertakings on a worldwide basis.

No key financial and other performance indicators have been identified for this company.

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 within the risk factors in the strategic report of the BP group Annual Report and Form 20-F for the year ended 31 December 2018.

Strategic and commercial risks

Geopolitical

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment.

The impact of the UK's exit from the EU

Following the referendum in 2016, BP has been assessing the potential impact of Brexit on group companies. BP has been preparing for different scenarios for the UK's exit from the EU but does not believe any of these scenarios will pose a significant risk to the business. The BP board's geopolitical committee discussed this, most recently in May 2019. BP continues to monitor developments in this area in line with group risk management processes and procedures.

Insurance

The BP group's insurance strategy could expose the BP group to material uninsured losses which in turn could adversely affect the company.



STRATEGIC REPORT

Compliance and control risks

Regulation

Changes in the regulatory and legislative environment could increase the cost of compliance.

Ethical misconduct and non-compliance

Ethical misconduct or breaches of applicable laws by the company's businesses or its employees could be damaging to its reputation, and could result in litigation, regulatory action and penalties.

Reporting

Failure to accurately report the company's data could lead to 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 2018.

Authorized for issue by Order of the Board

DocuSigned by:

Lola Agboola

B446D86F6AC74B6

For and on behalf of

Sunbury Secretaries Limited

Company Secretary

September 27, 2019

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

DIRECTORS' REPORT
BP ASIA PACIFIC HOLDINGS LIMITED

Directors

The present directors are listed on page 1.

D A Rider and K A Thomson served as directors throughout the financial year. Changes since 1 January 2018 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
M F Giles	—	28/02/2019
G A Horner	28/02/2019	—

Directors' indemnity

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

Dividends

During the year the company has declared and paid dividends of \$nil (2017: an interim dividend of \$35,000,000 was paid and then later returned in full). 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 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth 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

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.

Authorized for issue by Order of the Board

DocuSigned by:

Lola Agboola

B446D86F6AC74B6...

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

September 27, 2019

Registered Office:

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

BP ASIA-PACIFIC HOLDINGS LIMITED

The directors are responsible for preparing the Strategic Report, the Directors' 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 and, 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, continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF BP ASIA PACIFIC HOLDINGS LIMITED****Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of BP Asia Pacific Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 17.

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.

INDEPENDENT AUDITOR'S REPORT

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.

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

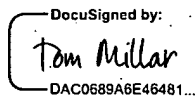
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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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Tom Millar

(Senior Statutory Auditor)

for and on behalf of
London

Deloitte LLP

Statutory Auditor

September 27, 2019

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018
BP ASIA PACIFIC HOLDINGS LIMITED

		<u>2018</u>	<u>2017</u>
	Note	\$000	\$000
Dividend income		318,138	40,610
Administrative expenses		<u>(3,548)</u>	<u>(3,524)</u>
Operating profit	3	314,590	37,086
Interest receivable and similar income	5	205,517	220,061
Interest payable and similar expenses	6	<u>(39,868)</u>	<u>(62,219)</u>
Profit before taxation		480,239	194,928
Tax on profit	7	<u>(17,820)</u>	<u>(23,071)</u>
Profit for the year		<u><u>462,419</u></u>	<u><u>171,857</u></u>

The profit of \$462,419,000 for the year ended 31 December 2018 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
BP ASIA PACIFIC HOLDINGS LIMITED

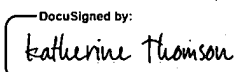
There is no comprehensive income attributable to the shareholders of the company other than the profit for the year.

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BALANCE SHEET**AT 31 DECEMBER 2018****BP ASIA PACIFIC HOLDINGS LIMITED****(Registered No.01094398)**

	Note	2018 \$000	2017 \$000
Fixed assets			
Investments	9	1,209,047	1,119,672
Current assets			
Debtors – amounts falling due:			
Debtors: amounts falling due within one year	10	2,556,937	2,610,281
Debtors: amounts falling due after one year	10	3,473,605	4,625,246
Creditors: amounts falling due within one year	11	(19,153)	(499,823)
Net current assets		6,011,389	6,735,704
TOTAL ASSETS LESS CURRENT LIABILITIES		7,220,436	7,855,376
Creditors: amounts falling due after one year	11,12	(2,013,820)	(3,111,392)
Deferred tax liability	7	(213)	—
NET ASSETS		<u>5,206,403</u>	<u>4,743,984</u>
Capital and reserves			
Called up share capital	13	2,901,544	4,801,475
Profit and loss account	14	2,304,859	(57,491)
TOTAL EQUITY		<u>5,206,403</u>	<u>4,743,984</u>

Authorized for issue on behalf of the Board

DocuSigned by:

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 K A Thomson

Director
 September 27, 2019

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
BP ASIA PACIFIC HOLDINGS LIMITED

	Called up share capital (Note 13) \$000	Profit and loss account (Note 14) \$000	Total \$000
Balance at 1 January 2017	4,801,475	(229,348)	4,572,127
Profit for the year, representing total comprehensive income	—	171,857	171,857
Dividends paid	—	(35,000)	(35,000)
Return of dividends	—	35,000	35,000
Balance at 31 December 2017	4,801,475	(57,491)	4,743,984
Impact of IFRS9 adjustment, net of tax	—	—	—
Balance at 1 January 2018	4,801,475	(57,491)	4,743,984
Profit for the year, representing total comprehensive income	—	462,419	462,419
Share capital reduction	(1,899,931)	1,899,931	—
Balance at 31 December 2018	2,901,544	2,304,859	5,206,403

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2018****BP ASIA PACIFIC HOLDINGS LIMITED****1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)**

The financial statements of BP Asia Pacific Holdings Limited for the year ended 31 December 2018 were approved by the board of directors on 27/09/2019 and the balance sheet was signed on the board's behalf by K A Thomson. BP Asia Pacific Holdings Limited is a private company, limited by shares incorporated, domiciled and registered in and registered in England and Wales (registered number 01094398). The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

2. Significant accounting policies, judgements, estimates and assumptions

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

Basis of preparation

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

The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

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.

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; and
- (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

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.

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NOTES TO THE FINANCIAL STATEMENTS

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars (\$000), except where otherwise indicated.

Critical 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 critical judgements and estimates that could have a significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the Notes to the financial statements.

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.

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.

In cases where fair value less costs to sell is used to determine the recoverable amount of an asset, where recent market transactions for the asset are not available for reference, accounting judgements are made about the assumptions market participants would use when pricing the asset. Fair value less costs to sell may be determined based on similar recent market transaction data or using discounted cash flow techniques. Where discounted cash flow analyses are used to calculate fair value less costs to sell, the discount rate used is based upon the cost of funding the group derived from an established model.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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 financial asset is transferred to a third party. This includes the derecognition of receivables for which discounting arrangements are entered into.

From 1 January 2018, 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.

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. Since this is typically less than 12 months, there is no significant difference between the measurement of 12-month and lifetime

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NOTES TO THE FINANCIAL STATEMENTS

expected credit losses for the company's in-scope financial assets. 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.

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.

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 using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

NOTES TO THE FINANCIAL STATEMENTS**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

The company adopted two new accounting standards issued by the IASB with effect from 1 January 2018, IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers'. 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 9* and *IFRS 15* has had no material impact on the company's financial statements.

3. Operating profit

This is stated after charging/ (crediting):

	2018	2017
	\$000	\$000
Net foreign exchange (gains) / losses*	(249)	(642)
Impairment of loans*	3,025	4,248
Impairment of investments	—	—

* Amount is included in Administrative expenses.

4. Auditor's remuneration

	2018	2017
	\$000	\$000
Fees for the audit of the company	15	15

Fees paid to the company's auditor, Deloitte LLP and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of BP Asia Pacific Holdings Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

NOTES TO THE FINANCIAL STATEMENTS**5. Interest receivable and similar income**

	2018	2017
	\$000	\$000
Interest income from amounts owed by group undertakings	185,514	202,903
Interest income from associates	3,748	3,751
Interest income from joint ventures	16,255	13,407
Total interest receivable and similar income	<u>205,517</u>	<u>220,061</u>

6. Interest payable and similar expenses

	2018	2017
	\$000	\$000
Interest expense on:		
Loans from group undertakings	39,721	62,126
Other loans	147	93
Total interest payable and similar charges	<u>39,868</u>	<u>62,219</u>

7. Taxation

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

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

	2018	2017
	\$000	\$000
<u>Current tax</u>		
Overseas tax on income for the year	17,820	23,071
Tax charged / (credited) on profit	<u>17,820</u>	<u>23,071</u>

Reconciliation of the effective tax rate

The tax assessed on the profit/(loss) for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2018 (2017: 19.25%). The differences are reconciled below:

	2018	2017
	UK	UK
	\$000	\$000
Profit before tax	480,239	194,928
Tax charge / (credit)	17,820	23,071
Effective tax rate	4	12
	<u>2018</u>	<u>2017</u>
	UK	UK
	%	%
UK corporation tax rate:	19	19.25
Double tax relief	-3	-9
Overseas tax	4	12
Free group relief	-3	-6
Dividends not subject to UK tax	-13	-4
Movements in unrecognised deferred tax		
Effective tax rate	<u>4</u>	<u>12</u>

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NOTES TO THE FINANCIAL STATEMENTS

The reconciling items shown above are those that arise for UK corporation tax purposes, rather than overseas tax purposes.

Change in corporation tax rate

The UK corporation tax rate reduced to 19% with effect from 1 April 2017, and will further reduce to 17% from 1 April 2020.

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

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2017: \$Nil).

(b) Employee costs

The company had no employees during the year (2017: None).

9. Investments

	Investment in- subsidiaries	Other investments	Total
Cost	\$000	\$000	\$000
At 1 January 2017	2,188,284	5,004	2,193,288
Additions	77,530	—	77,530
At 31 December 2017	<u>2,265,814</u>	<u>5,004</u>	<u>2,270,818</u>
At 1 January 2018	2,265,814	5,004	2,270,818
Additions	89,375	—	89,375
At 31 December 2018	<u>2,355,189</u>	<u>5,004</u>	<u>2,360,193</u>
Impairment losses			
At 1 January 2017	(1,146,146)	(5,000)	(1,151,146)
Disposals	—	—	—
At 31 December 2017	<u>(1,146,146)</u>	<u>(5,000)</u>	<u>(1,151,146)</u>
At 1 January 2018	(1,146,146)	(5,000)	(1,151,146)
Charge for the year	—	—	—
At 31 December 2018	<u>(1,146,146)</u>	<u>(5,000)</u>	<u>(1,151,146)</u>
Net book amount			
At 31 December 2018	<u>1,209,043</u>	<u>4</u>	<u>1,209,047</u>
At 31 December 2017	<u>1,119,668</u>	<u>4</u>	<u>1,119,672</u>

The investments in subsidiaries and other investments are all stated at cost less provision for impairment.

The subsidiary and other undertakings of the company at 31 December 2018 and the percentage of equity capital held set out below are the investments which principally affected the profits or net assets of the company. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

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NOTES TO THE FINANCIAL STATEMENTS**Subsidiary undertakings**

Company name	Class of share held	%	Registered address	Principal activity
Lebanese Aviation Technial Services S.A.L	Ordinary	100	P O Box - 11 -5814c/o Coral Oil Building, 583 Avenue de Gaulle, Raoucheh, Beirut, Lebanon	Aviation
BP Asia Pacific (Malaysia) Sdn. Bhd.	Ordinary	100	Level 9, Tower 5, Avenue 7,, The Horizon Bangsar South City,, No. 8, Jalan Kerinchi,, 59200 Kuala Lumpur, Malaysia	Chemicals Marketing
BP New Zealand Holdings Limited	Ordinary	100	Watercare House, 73 Remuera Road, Newmarket, Auckland, 1050, New Zealand	Investment Holdings
BP Guangdong Limited	Ordinary	90	Rm 2710 Guangfa Bank Plaza, No. 83 Nonglin Xia Road, Yuxiu District, Guangzhou, China	Marketing
BP (Shanghai) Trading Limited	Ordinary	100	Room 2105, No. 28 Maji Road, , Donghua Financial Building,, China (Shanghai) Pilot Free Trade, Shanghai, China, 200131 , China	Investment Holdings
BP Oil Vietnam Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Investment Holdings
BP Business Service Centre Asia Sdn Bhd	Ordinary	100	Level 9, Tower 5, Avenue 7, The Horizon Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Aviation
BP New Ventures Middle East Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Treasury Services
BP Biofuels Brazil Investments Limited	Ordinary	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Investment Holdings

Other Investments

Company name	Class of share held	%	Registered address	Principal activity
Consolidada de Energia y Lubricantes (CENERLUB) C.A.	Ordinary	1	Caracas, Distrito Capital, Venezuela	Lubricants

NOTES TO THE FINANCIAL STATEMENTS

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10. Debtors

Amounts falling due within one year:

	2018	2017
	\$000	\$000
Amounts owed from fellow subsidiaries	2,573,907	2,638,758
Amounts owed from associates	23,393	1,803
Amounts owed from joint ventures	—	6,356
Amounts impaired	(40,363)	(36,636)
	<u>2,556,937</u>	<u>2,610,281</u>

Amounts falling due after one year:

	2018	2017
	\$000	\$000
Amounts falling due after one year:		
Amounts owed from fellow subsidiaries	3,235,165	3,961,483
Amounts owed from associates	44,632	449,632
Amounts owed from joint ventures	317,654	337,834
Amounts impaired	(123,846)	(123,703)
	<u>3,473,605</u>	<u>4,625,246</u>
	<u>6,030,542</u>	<u>7,235,527</u>

11. Creditors

Amounts falling due within one year:

	2018	2017
	\$000	\$000
Amounts owed to parent undertakings	14,956	492,416
Taxation	4,197	7,407
	<u>19,153</u>	<u>499,823</u>

Amounts falling due after one year:

	2018	2017
	\$000	\$000
Amounts falling due after one year:		
Amounts owed to parent undertakings	2,013,820	3,111,392
	<u>2,013,820</u>	<u>3,111,392</u>
Total creditors	<u>2,032,973</u>	<u>3,611,215</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Loans

Loans repayable, included within creditors, are analysed as follows:

Within 5 years

	2018	2017
	\$000	\$000
Wholly repayable	1,950,866	2,723,859
	<u>1,950,866</u>	<u>2,723,859</u>

After 5 years

	2018	2017
	\$000	\$000
Wholly repayable	62,954	387,533
	<u>62,954</u>	<u>387,533</u>

Interest rates on borrowings repayable wholly or partly more than five years from 31 December 2018 range from 6.08% to 21.55% with a weighted average of 17.55%.

13. Called up share capital

	2018	2017
	\$000	\$000
Issued and fully paid:		
2,901,544,000 Ordinary shares of \$1.00 each for a total nominal value of \$2,901,544,000	2,901,544	4,801,475
	<u>2,901,544</u>	<u>4,801,475</u>

During the year BP Asia Pacific Holdings re-dominated its share capital from GBP to USD, and then reduced the nominal value of shares to US \$1. The result of the transactions was an increase to distributable reserves of \$1.9m and reduced called up share capital by the same amount.

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.

Profit and loss account

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

In 2018, the company paid interim ordinary dividends of \$nil (2017: an interim dividend of \$35,000,000 was paid and then later returned in full).

15. Related party transactions

NOTES TO THE FINANCIAL STATEMENTS

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.

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

		Interest received from related party \$000	Amounts owed from related party \$000
BP Bioenergia Tropical S.A			
Fellow Subsidiary			
Alternative Energy			
	2018	7,304	138,103
	2017	11,273	24,840
BP Bioenergia Ituiutaba Ltda			
Fellow Subsidiary			
Alternative Energy			
	2018	931	13,103
	2017	942	31,671
BP Guangdong Limited			
Fellow Subsidiary			
Oil			
	2018	—	14,396
	2017	—	14,771
BP Zhuhai Chemical Company Limited			
Fellow Subsidiary			
Oil			
	2018	21,783	249,779
	2017	34,221	717,003
BP Trinidad & Tobago LLC			
Fellow Subsidiary			
GAS			
	2018	79,108	1,295,748
	2017	81,676	1,543,628
Atlantic 4 Holdings LLC			
Joint Venture			
GAS			
	2018	7,107	132,424
	2017	5,991	163,584

NOTES TO THE FINANCIAL STATEMENTS**16. Immediate and ultimate controlling parent undertaking**

The immediate parent undertaking is BP Global Investments 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.

17. Related undertakings

Disclosed below is a full list of related undertakings in which the company holds an interest of 20% or greater, along with the registered address and the percentage of share capital owned as at 31 December 2018.

Related undertaking	Holding %	Registered address	Direct/ Indirect
BP (Shanghai) Trading Limited	100.00	Room 2105, No. 28 Maji Road, , Donghua Financial Building,, China (Shanghai) Pilot Free Trade, Shanghai, China, 200131 , China	Direct
BP Asia Pacific (Malaysia) Sdn. Bhd.	100.00	Level 9, Tower 5, Avenue 7,, The Horizon Bangsar South City,, No. 8, Jalan Kerinchi,, 59200 Kuala Lumpur, Malaysia	Direct
BP Biofuels Brazil Investments Limited	100.00	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Direct
BP Biocombustíveis S.A.	91.10	Avenida das Nações Unidas, 12399, 4fl, Sao Paulo, Brazil	Indirect
BP Bioenergia Campina Verde Ltda.	91.10	Rua Principal, Fazenda Recanto, Zona Rural, Caixa Postal 01, Ituiutaba, Minas Gerais, 38.300-898, Brazil	Indirect
BP Bioenergia Ituiutaba Ltda.	81.26	Fazenda Recanto, Zona Rural, CEP 38.300-898, Ituiutaba, Minas Gerais, Brazil	Indirect
BP Bioenergia Itumbiara S.A.	73.95	Estrada Municipal Itumbiara / Chacoeira Dourada, Fazenda Jandaia, Gleba B, Itumbiara, Goiás, 75516-126, Brazil	Indirect
BP Biofuels Trading Comércio, Importação e Exportação Ltda.	80.44	Avenida das Nações Unidas, 12.399 , 4º andar, cj. 41B, sala 01, São Paulo, Brazil	Indirect
BP Bioenergia Tropical S.A.	61.00	Rodovia GO 410, km 51 à esquerda, Fazenda Canadá, s/n, Zona Rural, Edéia, Goiás, 75940-000, Brazil	Indirect
BP Business Service Centre Asia Sdn Bhd	100.00	Level 9, Tower 5, Avenue 7, The Horizon Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	Direct
BP Guangdong Limited	90.00	Rm 2710Guangfa Bank Plaza, No. 83 Nonglin Xia Road, Yuexiu District, Guangzhou, China	Direct
BP New Ventures Middle East Limited	100.00	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Direct
BP New Zealand Holdings Limited	100.00	Watercare House, 73 Remuera Road, Newmarket, Auckland, 1050, New Zealand	Direct
BP Oil New Zealand Limited	100.00	Watercare House, 73 Remuera Road, Newmarket, Auckland, 1050, New Zealand	Indirect
BP New Zealand Share Scheme Limited	99.00	Watercare House, 73 Remuera Road, Newmarket, Auckland, 1050, New Zealand	Indirect
Coastal Oil Logistics Limited	25.00	10th Floor, The Bayleys Building, Cnr Brandon St and Lambton Quay, Wellington, 6011, New Zealand	Indirect

NOTES TO THE FINANCIAL STATEMENTS

Coro Trading NZ Limited	100.00	Watercare House, 73 Remuera Road, Newmarket, Auckland, 1050, New Zealand	Indirect
New Zealand Oil Services Limited	50.00	Level 3, 139 The Terrace, Wellington, 6011, New Zealand	Indirect
RD Petroleum Limited	49.00	Albert Allo & Sons, 67 Princes Street, Dunedin, New Zealand	Indirect
RMF Holdings Limited	49.00	KPMG, 247 Cameron Road, Tauranga, 3110, New Zealand	Indirect
McFall Fuel Limited	49.00	700 Bond Street, Te Awamutu, New Zealand	Indirect
Wiri Oil Services Limited	27.78	303 Parnell Rd, Parnell, Auckland, New Zealand	Indirect
BP Pacific Investments Ltd	100.00	Watercare House, 73 Remuera Road, Newmarket, Auckland, 1050, New Zealand	Indirect
Europa Oil NZ Limited	100.00	Watercare House, 73 Remuera Road, Newmarket, Auckland, 1050, New Zealand	Indirect
BP Oil Vietnam Limited	100.00	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Direct
Castrol BP Petco Limited Liability Company	59.00	9th Floor, 22-36 Nguyen Hue Street, 57-69F Dong Khoi Street, District 1, Ho Chi Minh City, Vietnam	Indirect
Lebanese Aviation Technical Services S.A.L.	100.00	P O Box - 11 -5814c/o Coral Oil Building, 583 Avenue de Gaulle, Raoucheh, Beirut, Lebanon	Direct
TCE Participações S.A.v	50.00	Avenida Paulista, 287, 1st floor, room 10, São Paulo, São Paulo, 01311000, Brazil	Indirect