Registration number: 04410974

PetroChina International (London) Co., Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

PetroChina International (London) Co., Limited

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PetroChina International (London) Co., Limited

Company Information

Directors of the company

The directors, who held office during the year, were as follows:

Huo Jinsan (ceased 26 January 2022)

Zhu Wenjin

Hongyan Zhang (appointed 1 July 2022)

Luo Yizhou (appointed 26 January 2022 and ceased 1 March 2023)

The following director was appointed after the year end:

Junli Wu (appointed 1 March 2023)

Company secretary	Tricor Corporate Secretaries
Registered office	The Adelphi 1-11 John Adam Street London WC2N 6HT
Bankers	HSBC Bank Plc. Poultry & Princes Street PO Box 648 8 Canada Square London E14 5HQ
	Bank of China (UK) Limited 90 Cannon Street London EC4N 6HA
	Standard Chartered Bank Basinghall Avenue London EC2V 5DD
	Bank of America N.A. 2 King Edward Street London EC1A 1HQ
	China Construction Bank 111 Old Broad Street London EC2N 1AP
Auditor	Deloitte LLP Statutory auditor London United Kingdom

PetroChina International (London) Co., Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their report for the year ended 31 December 2022.

Principal activity

The principal activity of PetroChina International (London) Co., Limited ("the Company") is the wholesale trading of physical energy products and the trading of energy derivatives. The business conducted in the year is principally natural gas, liquefied natural gas (LNG) and forex trading. The Company actively operates in the UK, Continental Europe, Asia and other world energy markets. The Company also acts as an investment holding company to support the Petroineos joint venture's refinery business. The joint venture is between PetroChina International (London) Co., Limited and INEOS Investments (Jersey) Limited. There have been no significant changes in the Company's principal activities in the year and no significant change in the Company's principal business is expected.

Review of the business

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101'). During the year, the Company has continued to seek opportunities to develop and expand its core principal trading activities.

The directors are of the opinion that the trading margin which drives the operating profit of the business is the critical KPI specific to the Company. The trading gross margin, including the results of unrealised fair value gains and losses on open contracts, is a key aspect of the monthly management report reviewed by senior management to gain an understanding of the performance of the business. The gross margin is a profit of $233m (2021: $114m). The extent of the risks relative to the approved limits are also reviewed monthly by senior management to gain an understanding of the performance of the business. The Company has net assets of $1,458m (2021: $1,248m) and net current assets of $605m (2021: $320m).

The strong trading performance was driven by the management of the commodity market volatility in the year. The Company was able to optimise its trading strategies and capabilities with a diverse portfolio of contracted positions and well positioned to take advantage of when commodity prices were high or volatile. With increased working capital, the Company was able to invest in gas inventory for our storage to benefit from volatility in seasonal spreads and LNG positions in continental Europe to take advantage of cargos been drawn away from Asia Pacific and other regions.

Business environment
The global natural gas market suffered a major shock in 2022.

Russia's invasion of Ukraine in February 2022 exacerbated the tightening supply of natural gas underway since mid-2021, and triggered a major energy supply and security crisis that sent commodity prices to new highs. The conflict put further considerable pressure on natural gas markets and raised uncertainty in the context of an already tight market.

Europe had been at the epicentre of market tensions since the beginning of the 21/22 winter, resulting from the combination of lower than average underground storage inventory - principally from sites partly owned or controlled by Gazprom - and a sharp year-on-year drop in Russian pipeline supplies. The crisis caused a series of significant market adjustments. Lower Russian supplies were largely compensated by LNG, turning Europe into the premium market and drawing cargoes away from Asia Pacific and other regions. The resulting tight supply, high prices, and heightened market uncertainty have led to a downward revision in global gas consumption growth. The European Union, whose member states are directly exposed to the threat of further supply cuts, adopted a number of measures to enhance security of supply and market resilience ahead of the winter. European countries were able to fill their underground gas storage sites well above historical averages, supported by a combination of targeted policy measures, a record inflow of liquefied natural gas (LNG) and a steep drop in consumption, particularly in energy-intensive industries.

Unseasonably mild winter weather in the northern hemisphere, combined with sustained LNG inflows and adequate gas storage inventories put downward pressure on European and Asian spot prices. Nevertheless, the global gas balance is fragile and a number of uncertainties for 2023 exist. The developments had a visible impact on LNG contracting behaviours, with a return to more traditional features such as fixed-destination and longer-duration contracts. The crisis of 2022 also will probably mean faster development and implementation of clean energy transition policies, especially in mature gas markets. The gas-crisis-driven reduction of activity in energy-intensive industries led to calls for a moratorium to the EU ETS. This did not take place, but the price was weakened by the lower industrial activity.

Strategy

The Company's strategy is to continue to build and maintain a wide range of trading capabilities, secure direct access to markets throughout its region of operations and to build a diversified portfolio of structured short to medium term trading positions and provide attractive returns for its shareholder. The Company's objective is to become a leading market participant in the energy markets in which it operates. The Company believes it is important to combine strong risk management processes with enthusiastic entrepreneurial commercial terms to identify and monetise market opportunities in order to maximise shareholder's value.

Future developments

The Company intends to continue to expand its activities across the region, grow its volume of operations and activity levels and add complexity to its product range. Continued expansion of the Company's activities in the Liquefied Natural Gas (LNG) and gas market remains one of the focuses for the organisation. In addition to increasing flow through the book, the Company shall pursue opportunities for structured LNG supply deals and acquire re-gas slots within Europe to connect LNG to gas to optimize the profit through extending along the value chain. In parallel, in line with electrification as one of the energy industry trends, another focus of the Company is power business, especially renewable power. Investment in people, systems and processes and continued operational efficiency will contribute to the future success of the Company. The directors remain optimistic about the future growth and success of the trading business.

The business impact of global carbon reduction policies and zero carbon long-term targets by government and industries continues to be reviewed. The Company sees the need to remain flexible and develop new capabilities to manage external pressures resulting from tightening climate change policies. The Company will provide support to the PetroChina group to meet its carbon reduction goals. For this the LNG, Gas, Power and Emission unit intend to add new capability to support the structuring and trading of emissions, renewables and carbon offset products.

Ukraine War

The advent of the Ukraine war in 2022 has impacted trading and the geopolitical outlook is unlikely to revert to historic norms. Market unpredictability has posed new challenges and uncertainties, along with the evolving sanctions environments that have to be adhered to. The sanctions impact has resulted in an additional layer of review and consultation to ensure sanctions are complied with. Management fully stand behind the trading teams, and is dedicated to growing our business whilst maintaining a solid market risk control capability whilst complying with this evolving scenario.

Principal risks and uncertainties
Refer to Financial risk management objectives and policies included in the directors report for a description of the financial risks.

Other principal risks and uncertainties that impact the Company include:

Legal and compliance risk
The Company is required to comply with a variety of legislation, including in relation to anti-money-laundering; sanctions and trade restrictions; anti-bribery and corruption; and financial market conduct.

The Compliance and legal departments oversee the Company's activities in partnership with front office functions to ensure that we operate appropriately and that our controls are relevant and robust. They focus on promoting a sound compliance culture across the Company in which everyone recognises their personal responsibility for meeting our compliance objectives. The team adopts a risk-based approach, allocating energy and resources to the issues that matter most to our core business and our stakeholders.

Operational and Environmental, Social and Corporate Governance (ESG) risk
The directors set and oversee the strategic direction of the Company's sustainability strategy and its corporate policies and guidelines in line with the wider PetroChina policies. Our Health, Safety and Environmental (HSE) obligations are our top priority and at the heart of all our businesses. We are fully committed to continually improving our performance across all our operations. Refer to the Statement of Corporate Governance in the directors report for further detail on governance. Currently the Company is in the process of assessing the risks in relation to climate change but is yet to be formalised.

S172 (1) Statement
Section 172 of the Companies Act 2006 sets out a general duty requiring directors to act in a way in which they consider, in good faith, will most likely promote the success of the company for the benefit of shareholders as a whole. In doing so, the directors must have regard to the following factors:

(a) the likely consequences of any decision in the long term;
(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 desirability of the company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly between members of the company.

S172(1)(a) - the likely consequences of any decision in the long term
The Directors, in executing their strategy of building and maintaining a wide range of trading capabilities, securing direct access to markets and building a diversified portfolio of structured trading positions, seek to increase the Company's long-term value for its shareholder. The Directors recognise that the long-term success of the Company is dependent on stakeholder engagement and the impact from the macro-environment.

The primary challenges faced by the Board in 2022 arose as a result of the geopolitical tensions associated with Russia, which caused a series of significant market adjustments and required the Directors to balance the needs of various external stakeholder groups. In order to support decision making around the Company's market position the Directors relied heavily on enhanced analysis around the changing behaviour of consumers and other gas market participants, as well as the knock-on effects of governmental intervention in the gas markets. The impact of such decision was to produce a successful trading year for the Company, furthering the Company's strategy to develop its gas portfolio in the long term, whilst also helping to ensure continued energy supply into a tight market.

S172(1)(b) - the interests of the company's employees
The directors recognize that the Company's success is aligned with the interests and well-being of its employees and in 2022 the Directors sought to preserve this approach, providing competitive remunerations, a stable work environment and development opportunities whilst also continuing to reinforce new workplace initiatives.

S172(1)(c) - the need to foster the company's business relationships with suppliers, customers and others
One of PetroChina's core values (see p10) is "Integrity", and the Company strives to reflect this in its dealings with its suppliers, customers and trading counterparties. The directors recognize the importance of maintaining strong mutually beneficial relationships, which is primarily managed through the establishment of multiple engagement channels which enable difficulties, issues or opportunities to be quickly identified and appropriately actioned. More information about the Company's engagement with stakeholders can be found in the "Stakeholder Engagement Report".

S172(1)(d) the impact of the company's operations on the community and the environment
As well as continuing to ensure continued energy supply into the market, in 2022 the Directors established a new Green Investments Committee to assist the Company in delivering its strategic objectives to decarbonize its business activities through new investments in low-carbon and "green" projects.

S172(1)(e) - the desirability of the company maintaining a reputation for high standards of business conduct
Against the backdrop of geopolitical tensions highlighted under s172(1)(a), the Company continued to strive to achieve high standards of business conduct by adopting a number of enhanced compliance measures, such as the creation of a specific internal functional assurance group whereby any new business that related to Russia would be initially assessed by key stakeholders in order to manage any potential sanctions risk/reputational risk. Enhanced KYC were undertaken on current and prospective counterparties to identity any links to Russia and formal updates were circulated across the business in order to ensure that all staff were fully advised on the potential impact of sanctions packages on Russia.

S172(1)(f) - the need to act fairly between members of the company
The Company has a sole member, PetroChina International Company Ltd.

The primary challenges faced by the Board in 2022 arose as a result of the geopolitical tensions associated with Russia, which caused a series of significant market adjustments and required the Directors to balance the needs of various external stakeholder groups. In order to support decision making around the Company's market position the Directors relied heavily on enhanced analysis around the changing behaviour of consumers and other gas market participants, as well as the knock on effects of governmental intervention in the gas markets. The impact of such decision was to produce a successful trading year for the Company, furthering the Company's strategy to develop its gas portfolio in the long term, whilst also helping to ensure continued energy supply into a tight market.

Against this backdrop, the Company continued to strive to achieve high standards of business conduct by adopting a number of enhanced compliance measures, such as the creation of a specific internal functional assurance group whereby any new business that might contain some potential exposure to Russia would be initially assessed by key stakeholders in order to manage any potential sanctions risk/reputational risk. Enhanced KYC were undertaken on current and prospective counterparties to identity any links to Russia and formal updates were circulated across the business in order to ensure that all staff were fully advised on the potential impact of sanctions packages on Russia.

In 2022 the Directors established a new Green Investments Committee to assist the Company in delivering its strategic objectives to decarbonize its business activities through new investments in low-carbon and "green" projects.

The Directors recognise the need to build and maintain strong mutually beneficial relationships with suppliers, customers and others in order to deliver on its strategy.

Further information on how the directors comply with their Section 172 obligations is available in the Directors' Report (pages 8 to 15).

Approved by the Board on 7 February 2024 and signed on its behalf by:

DocuSigned by:

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Hongyan Zhang
Director

PetroChina International (London) Co., Limited

Directors' Report for the Year Ended 31 December 2022

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

Review of business and future developments
A review of the business and future developments of the Company are discussed in the Strategic Report.

Events after the balance sheet date
A description of events after the balance sheet date can be found in note 27 to the financial statements.

Results and performance
The results of the Company for the year, as set out on pages 26 to 28, show a profit before tax of US $241.2m (2021: profit of US $119.2m). The equity of the Company total US $1,450m (2021: US $1,248m). No dividends were paid during the year and the directors do not recommend the payment of a final dividend (2021: US $ nil).

The Company's profit for the financial year has been achieved despite challenging market conditions and amid an unstable geopolitical environment in which the Company operates. Despite increased gas market volatility and suppressed global oil prices, the Company's performance was in line with expectations. This was achieved through profitable trading, strong liquidity and risk management.

The strong trading performance was driven by the management of the commodity market volatility in the year. The Company was able to optimise its trading strategies and capabilities with a diverse portfolio of contracted positions and well positioned to take advantage of when commodity prices were high or volatile. With increased working capital, the Company was able to invest in gas inventory for our storage to benefit from volatility in seasonal spreads and LNG positions in continental Europe to take advantage of cargos been drawn away from Asia Pacific and other regions.

Research and development
The Company did not undertake any research and development activities during the year.

Political donations
Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Financial instruments
Descriptions of the use of financial instruments and financial risk management objectives and policies, including hedging activities and exposure to price risk, credit risk, liquidity risk and cash flow risk are included in the notes to the financial statements.

Financial risk management objectives and policies

Objectives and policies

Risk management remains a priority for the Company.

The Directors acknowledge that the Company forms part of the PetroChina group (as a wholly owned subsidiary). As such, the Board directs the Company to comply with the standards of conduct and business practices set by its parent companies to the extent that these are applicable, appropriate and the Company is not restricted from adopting such practices (including, without limitation, by virtue of being restricted by law, regulation, or industry requirements).

A robust risk management function is in place in the Company to monitor risk exposures and respond to the growth in our business in entering new products, sectors, and geographies.

Day-to-day responsibility for the Company's risk management is delegated to the Company's risk control function and the process of risk acceptance and risk management is addressed through a framework of policies, procedures, and internal controls in the Company and in PetroChina International.

Such business practices may include the need for the Company to seek parent company approval or to adhere to certain requirements in order for the Company' activities to align with group strategy such as group exposure limits which are set by the PetroChina International Risk Committee.

Currency risk

This is the risk that movements in foreign currency exchange rates will result in exchange gains and losses being taken to the Profit and Loss. Currency risk arises when commodity trading contracts or recognised assets or liabilities are denominated in a currency that is not the functional currency of the Company. The Company manages its foreign exchange risk by entering into forward foreign currency contracts transacted with various financial institutions.

Financial risk management objectives and policies (continued)

Market risk

This is the risk of the mark to market value portfolio, instrument or investment increasing or decreasing as a result of volatility and unpredicted movements in market valuations. The primary market risks within the Company are the exposures to energy prices, foreign exchange and interest rates. Value-at-risk is our primary mechanism for market risk measurement but is also complimented by other measurements such as stress tests. All positions are recorded and monitored in trading books.

Counterparty credit risk

This is the risk that the financial benefits of the contracts with a specific counterparty will be lost if a counterparty defaults on their contractual obligations. The Company has no significant credit risk on its major customers which are group undertakings and well-known energy and financial institutions. Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits.

The Company makes extensive use of credit enhancement tools, seeking letters of credit, insurance cover, discounting and other means of reducing credit risk from counterparts. In addition, mark-to-market exposures in relation to hedging contracts are regularly and substantially collateralised (primarily with Credit Support Annex , CSA) pursuant to margining agreements in place with such hedge counterparts.

Liquidity risk

This is the risk that the Company will not have sufficient funds to meet its liabilities. Short-term cash flow needs are regularly monitored by the directors and then funded by the group parent Company as needed. The directors forecast the long-term cash flows to ensure the Company has sufficient funds available to undertake its principal activity.

Interest rate cash flow risk

This is the risk from fluctuating interest rates. The Company finances its operations through the share capital invested by shareholders and short-term borrowings from the group parent company and short-term bank loans. Short-term borrowing from the group parent company bears fixed interest rates according to the intercompany loan agreements.

Statement of Corporate Governance
The Company has adopted the Wates Principles for Large Private Companies as its corporate governance code.

The Wates Principles contain six principles relating to purpose and leadership, Board composition, director responsibilities, opportunity and risk, remuneration and stakeholder relationships and engagement.

The Board has reviewed its policies and practices and considers that, save for where set out below, it complies with all six principles.

Purpose and Leadership
The Company's purpose and values (Integrity, Aspiration, Safety and Harmony) are an extension of that of its parent company, PetroChina International Company Limited, with an added emphasis of adapting such values in line with the Company's local market. These values are supported and constantly reinforced by its operational policies (see Opportunity and Risk below).

The Company's strategy is developed as part of its shareholder group's global strategy and is further developed using a combination of a "top down" and "bottom up" approach, under which senior management adopt an open dialogue with front office staff.

Board Composition
In 2022 an additional UK-based director was appointed to the Board to support the strategic and decision-making functions of the Company whilst also offering an additional communication channel between board and operational level. The current Board of the Company is comprised of two executives and one non-executive director. The non-executive director is able to continue to offer a valuable contribution to the Company by providing appropriate oversight against the executive directors.

Statement of Corporate Governance (continued)

Directors Responsibilities

The executive have further established management roles, committees and meetings to exercise delegated authority and to provide forums to assist with the effective operation of the Company and the deployment of specialist skills and expertise. The advice of these individuals and use of such forums help to mitigate the risk of the CEO having too much unfettered power by providing a means of independent challenge and by ensuring his decision making is appropriately guided and informed.

Formal and robust internal reporting is undertaken from a range of internal and external information sources to enable executive management to comprehensively monitor the performance of the Company across all functions (including regarding financial reporting, trade strategy, hedging performance and workforce data). The Board participates in an ongoing training programme in respect of various duties relating to legal and compliance issues, such as statutory duties, anti-trust compliance, HSE and ethics to ensure that they have a clear understanding of their responsibilities and accountabilities.

The Company has adopted a corporate governance framework designed to implement the Wates Principles which sets out its policies and practices relating to matters such as:
- authority
- reporting frameworks
- the role of the board and CEO
- the role of the shareholder / group policies
- regard for stakeholder interests

In its review of the corporate governance framework as at 31 December 2022 the Board supported the view that further improvements could be made with regards to: (i) the regularity of board meetings and formal minuting of meetings between directors; and (ii) the formalization of procedures relating to the reporting of risk and important matters to the non-UK based director.

Opportunity and Risk

The Company creates and preserves value through business development and by enhancing the Company's competitive advantages whilst maintaining its commitment to regulatory compliance and ethical business practices. Business development initiatives and strategic planning engage the active involvement of the front office, thereby encouraging innovation and entrepreneurship.

The management of risk is primarily through a risk control committee, which operates across the organisation to identify, manage and escalate a broad spectrum of risk matters affecting the Company, from markets and daily profit and loss to assessing political and regulatory risks. This is supported by the use of internal and external communication channels to identify present and emerging risk factors (such as market data and piracy reports as well as external advisory services from its IT security alert services and law firms). This risk management regime is implemented throughout the organisation through the use and enforcement of an extensive set of risk controls and policies.

Remuneration

Senior Manager and workforce remuneration structures and philosophies are aligned with practices in the energy trading sector. The Company benchmarks its pay and bonus against other energy trading companies using an external benchmarking company.

Stakeholder Engagement Report

The Board acknowledges the importance of our stakeholders and the vital role that they play in meeting the Company's strategic objectives. The Board further recognises the mutuality of these relationships and that our growth and economic performance are crucial to many of our stakeholders and the business communities in which we operate.

To allow the Board to gain a closer understanding of our key stakeholder relationships and provide a better focus for the consideration of stakeholder interests in its decision making processes, the Board has adopted the following measures:
• it maintains a 'Stakeholder Map' to identify and measure its engagement with internal and external stakeholders; and
• changes have been implemented to its standardised board papers to ensure that the Board adequately assess and considers the impact of its decisions on our stakeholders.

The Company has a wide range of stakeholders which includes the following categories:
- Internal and affiliated stakeholders: its workforce, shareholders, other entities within the PetroChina group
- External stakeholders: governments and regulatory bodies, providers of finance, trading counterparties, industry groups and forums

The means of engagement with each stakeholder varies according to the nature of the relationship and the available means.

Employees are considered to be a critical stakeholder for the Company: recruiting, nurturing and retaining a talented workforce therefore underpins the Company's strategic plans. The Board have proactively sought to develop employee initiatives and enhance workplace experience (including employee support and monitoring, educating and training programmes, competitive remuneration and benefit package).

We engage with our workforce throughout their career with the company and on an ongoing basis, providing support and development opportunities. We provide a diverse and inclusive cultural outlook for our employees and customers. We value and respect individuals and encourage innovation.

In 2022 the Company implemented a number of measures designed to re-engage its workforce and enhance office culture following an increase in physical attendance at the Company's offices. This included the establishment of a social committee and a number of in-office cultural events and company lunches.

The Company also continued to hold 'lunch and learn' sessions which have been a successful in promoting cross-departmental discussion and informing the workforce of new challenges and initiatives.

The other entities within the PetroChina group are also acknowledged to be important stakeholders of the Company, and in particular, Petroineos Trading Limited. The different entities within the PetroChina group operate under joint policies to ensure optimised business plan and strategy, which is implemented across all levels of the business through joint decision making and risk management practices. Common directorship across the joint venture group ensures effective flow of information, effective governance and consistency in making and implementing strategy.

Stakeholder Engagement Report (continued)

The Company maintains a close relationship with its parent, PetroChina, which extends certain strategic strengths to it. For example, it plays an important role in supporting its trading operations through the provision of credit support and its international reputation and profile increases the Company's business development opportunities.

By leveraging our shareholders' strategic strengths, the Company has built a robust operation in European gas markets and we maintain a strong focus on quality and safety, demonstrating our commitment to creating a successful business.

The Company engages with a diverse range of trading counterparties and suppliers of goods and services, which are fundamental to its profit making ability.

In its trading activities, the Company plays an active role in the industry through its membership of various industry groups and forums. This engagement allows the Company to influence both internal and external changes:

- Internally, it allows us to become aware of industry proposals and to plan accordingly. It also informs us of industry best practice so that we can comply with expected industry behaviours.
- Externally, it allows us to participate in industry discussion and to use our experience to propose change for the benefit of the wider sector.

The Company has robust compliance policies and measures in place to comply with laws including those on health and safety, REACH, anti-bribery, data protection and anti-money laundering as well as rules of the trading exchanges which our traders must comply with and which our Compliance function enforces.

Engagement with financial institutions and finance supplier ensure better liquidity for the Company, offering wider payment risk coverage opportunities, with a strong reputation in the market generating more business and investment opportunities for the Company.

Streamlined Energy and Carbon Reporting
Global emissions and energy use data for period 01 January 2022 to 31 December 2022

Emissions and energy consumption

	2022
Energy consumption used to calculate emissions: (kWh)	72,215
Energy consumption breakdown:	
Electricity	28,514
Gas	43,701
Emissions in metric tonnes CO2e	
Gas combustion	7.98
Purchased electricity for own use	5.51
Consumption of fuel for transport purposes	0
Total gross emissions in metric tonnes CO2e	13.49
Intensity ratio: tCO2e per 1000 sqm	4.18

	2021 (As previously reported)	**2021 (Adjustment)**	**2021 (Restated)**
Energy consumption used to calculate emissions: (kWh)	110,236	(41,051)	69,185
Energy consumption breakdown:			
Electricity	26,731	0	26,731
Gas	83,505	(41,051)	42,454
Emissions in metric tonnes CO2e			
Gas combustion	15.29	(7.52)	7.78
Purchased electricity for own use	5.68	0	5.68
Consumption of fuel for transport purposes	0	0	0
Total gross emissions in metric tonnes CO2e	20.97	(7.52)	13.45
Intensity ratio: tCO2e per 1000 sqm	6.18	(2.22)	3.96

*During the preparation of the 2022 disclosures, an error was detected in the calculation of the 2021 gas consumption. The table above reflects the adjustment required and the restated 2021 values.

Methodology:
The Company's electricity and gas consumption data primarily relates to the energy consumption at the leased commercial premises it shares with its subsidiary, Petroineos Trading Limited. Such data has been derived from meter readings and allocated on a pro rata basis in proportion to headcount under recharge provisions in a Shared Services Agreement.

Emissions from the Company's UK shipping activities have not been included in these figures as the Company is not responsible for the purchase of fuel, and such transport therefore falls outside the scope of the required emissions reporting.

The Company uses rental cars for business travel but in 2022 no fuel expenses were claimed for such vehicles.

An Intensity Ratio based on tCO2e/1000 sqm has been used as energy consumption relating to the Company's leased floor space is the primary source of its emissions.

Energy efficiency measures taken:
The Company's leased commercial space benefits from an energy-efficient tenant fit-out. No further energy efficiency measures were taken in 2022.

Attention is drawn to the fact that the Company's overall energy emissions for 2022 appear to be lower than for previous years. It is noted that this is primarily due to a historical error in the calculation of the Company's floor space in its leased office premises, which led to an incorrect and disproportionately high allocation of gas and electricity usage in these emissions calculations.

Directors' of the Company

The directors, who held office during the year, were as follows:

Huo Jinsan (ceased 26 January 2022)

Zhu Wenjin

Hongyan Zhang (appointed 1 July 2022)

Luo Yizhou (appointed 26 January 2022 and ceased 1 March 2023)

The following director was appointed after the year end:

Junli Wu (appointed 1 March 2023)

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 4.

Reappointment of auditors

Deloitte LLP were appointed to fill a casual vacancy. A resolution to appoint Deloitte LLP will be proposed to the forthcoming AGM

Going concern

The Company has net assets of $1,450m (2021: $1,248m) and net current assets of $597m (2021: $320m). Bank borrowings of $nil (2021: $170m) and related party loans of $1,402m (2021: $1,131m) are due within one year. Furthermore, the Company is jointly and severally liable for credit facilities utilised by its subsidiary Petroineos Trading Limited amounting to $846m (2021: $1,335m) due within one year (see note 28). The company has access to $6.6bn external credit line (2021: $6.7bn). The directors continue to adopt the going concern basis of preparation in the annual financial statements. (Refer to page 31 for further details).

Approved by the Board on 7 February 2024 and signed on its behalf by:

DocuSigned by:

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Hongyan Zhang
Director
The Adelphi
1-11 John Adam Street
London
WC2N 6HT

PetroChina International (London) Co., Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable 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 FRS 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 of the profit or loss of the Company 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
• 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 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 are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PetroChina International (London) Co., Limited

Independent Auditor's Report to the Members of PetroChina International (London) Co., Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of PetroChina International (London) Co., Limited ('the Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the Notes to the Financial Statements 1 to 28.

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.

Independent Auditor's Report to the Members of PetroChina International (London) Co., Limited (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

• Critically assessing assumptions in base case and downside scenarios, and our knowledge of the entity and the sector in which it operates. We assessed whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies. We also assessed the working capital assumptions inherent in the forecasts to actual recent experience;

• Since the entity may need financial support from the owner of the business, we assessed the risk that this support would not be available. We inspected letters received by the Company's parent entity indicating the parent entity's intention to provide this support, examined financial statements and the latest financial results and position, to assess its ability to provide this support over the period of the audited entity's going concern assessment; and

• We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies and related sensitivities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of PetroChina International (London) Co., Limited (continued)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

PetroChina International (London) Co., Limited

Independent Auditor's Report to the Members of PetroChina International (London) Co., Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management (including in-house legal counsel, risk and compliance departments) and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:
• had a direct effect on the determination of material amounts and disclosures in the financial statements. These included financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation; and
• do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities and its legal form.

We discussed among the audit engagement team (including relevant internal specialists such as valuations, IT, forensic and industry specialists) regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas:

• Valuation and completeness of unrealised forward physical positions - The Company's trading activities depend on the reliability of the trade capture systems and their IT infrastructure environment. As the Company's trades and inventories are measured at fair value through profit or loss (through cost of goods sold), a complete and accurate trade capture process that includes all specific and bespoke terms within the commodity contracts is critical for accurate financial reporting and monitoring of trade book exposures and performance. Commodity markets remained volatile during the year on the back of continuing demand uncertainty as a result of the global energy transition, macro-economic factors and disruptions in global supply due to Russian-Ukraine war. This significant volatility, particularly in European gas prices, led to substantial cash margin payments during the period. In response to the volatility observed, we focused our audit efforts on the valuation and completeness of commodity derivatives and designed procedures specifically to test for management bias and fraud.

In response to the valuation risk;
• We focused our testing on price inputs where the Company has substantial exposure to illiquid curves, valuation outliers or long dated positions.
• We compared management's input assumptions against expected assumptions of other market participants and observable market data.
• Our audit approach for testing the valuation of unrealised trades was largely substantive in nature and included performing independent valuations of the forward physical and paper trades on a sample basis.

Independent Auditor's Report to the Members of PetroChina International (London) Co., Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
In response to the trade book completeness risk;
• We obtained an understanding of the Company's compliance policies, procedures and controls, including the Company's procedures to mitigate the risk of and response to allegations of fraud, bribery and corruption.
• We obtained an understanding of relevant controls surrounding the completeness and accuracy of trade capture and revenue. We tested general IT controls surrounding major technology applications and critical interfaces involving revenue recognition and the completeness and accuracy of trade capture.
• Our audit approach was largely substantive in nature and included agreeing key terms on unrealised trades back to contracts and other supporting evidence on a sample basis.
• We focused on trade types that are not recorded and cleared through electronic platforms.
• We tested the accuracy and completeness of unrealised trades as of the reporting date by tracing and agreeing a sample of trades entered into around the year-end from source documents, including original contracts, broker statements, bills of lading and/or inventory storage reports to the trade book system.
• We reviewed movements in the period subsequent to year end, and confirmed with and in-house legal counsel, risk and compliance departments that there were no trades identified or recorded subsequent to year end that related to the year-end position.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared are 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 and the directors' report.

Independent Auditor's Report to the Members of PetroChina International (London) Co., Limited (continued)

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.

....

Christopher Jones MA FCA (Senior statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor
London
United Kingdom

9 February 2024

PetroChina International (London) Co., Limited

Income Statement for the Year Ended 31 December 2022

	Note	2022 $ '000	2021 $ '000
Revenue	3	33,046,586	21,334,534
Cost of sales		(32,813,535)	(21,220,437)
Gross profit		233,051	114,097
Administrative expenses		(36,227)	(34,428)
Depreciation on right of use assets	12	(634)	(735)
Operating profit	4	196,190	78,934
Other interest receivable and similar income	5	68,413	48,367
Interest payable and similar charges	6	(23,437)	(8,112)
Profit before taxation		241,167	119,189
Tax on profit on ordinary activities	10	(38,484)	(23,855)
Profit for the year		202,682	95,333

The above results were derived from continuing operations.

The notes on pages 31 to 69 form an integral part of these financial statements.

PetroChina International (London) Co., Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 $ '000	2021 $ '000
Profit for the year	202,682	95,333
Total comprehensive income for the year	202,682	95,333

The notes on pages 31 to 69 form an integral part of these financial statements.

PetroChina International (London) Co., Limited

Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 $ '000	31 December 2021 $ '000
Assets			
Non-current assets			
Deferred tax assets	11	3,322	936
Right-of-use assets	12	3,611	3,446
Investments	13	849,077	849,077
Derivative financial assets	14	7,045	79,652
Trade and other receivables	16	-	82,841
		863,054	1,015,951
Current assets			
Cash and cash equivalents	17	979	942
Trade and other receivables	16	2,524,176	2,604,411
Inventories	15	421,822	-
Derivative financial assets	14	897,713	2,061,563
		3,844,690	4,666,915
Total assets		4,707,744	5,682,866
Liabilities			
Non-current liabilities			
Deferred tax liabilities	11	3,809	5,142
Derivative financial liabilities	20	3,360	80,389
Long term lease liabilities	21	2,912	3,004
		10,081	88,535
Current liabilities			
Derivative financial liabilities	20	585,252	1,879,076
Lease liabilities	21	1,034	744
Trade and other payables	18	2,661,089	2,296,631
Loans and borrowings	19	-	170,274
		3,247,375	4,346,726
Total liabilities		3,257,456	4,435,261
Equity			
Called-up share capital	22	1,015,771	1,015,771
Profit and loss account		434,517	231,834
		1,450,288	1,247,606
Total equity and liabilities		4,707,744	5,682,866

The notes on pages 31 to 69 form an integral part of these financial statements.

PetroChina International (London) Co., Limited

Statement of Financial Position as at 31 December 2022 (continued)

The financial statements of PetroChina International (London) Co., Limited, registration number 04410974 were approved by the Board and authorised for issue on 7 February 2024 and signed on its behalf by:

DocuSigned by:

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Hongyan Zhang
Director

PetroChina International (London) Co., Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called-up share capital $ '000	Retained earnings $ '000	Total $ '000
At 1 January 2022	1,015,771	231,834	1,247,606
Profit for the year	-	202,682	202,682
Total comprehensive income	-	202,682	202,682
At 31 December 2022	1,015,771	434,517	1,450,288

	Called-up share capital $ '000	Retained earnings $ '000	Total $ '000
At 1 January 2021	1,015,771	136,501	1,152,272
Profit for the year	-	95,333	95,333
Total comprehensive income	-	95,333	95,333
At 31 December 2021	1,015,771	231,834	1,247,606

The notes on pages 31 to 69 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital incorporated and domiciled in England.

The address of its registered office is:
The Adelphi
1-11 John Adam Street
London
WC2N 6HT
United Kingdom

The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

2 Accounting policies

Basis of preparation
The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework. The financial statements are prepared under IAS (International Accounting Standards) format.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, China National Petroleum Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of PetroChina Company Limited are prepared in accordance with International Financial Reporting Standards and are publicly available.

2 Accounting policies (continued)

Summary of disclosure exemptions

The Company has taken advantage of the following exemptions available under FRS 101:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation;
- the exemption from providing certain comparative information;
- the exemption from providing capital management information;
- the exemption from disclosing the impact of standards in issue but not yet adopted;
- the exemption from disclosing transactions with other wholly-owned members of the group; and
- the exemption from disclosing the requirements 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

The Company has taken advantage of the following exemptions available under FRS 101 as equivalent disclosures have been given in the consolidated financial statements of PetroChina Company Limited which include the results of PetroChina International (London) Co., Limited:

- the exemption from the disclosures relating to financial instruments and fair value measurement where these are not required by regulations.

The financial statements of PetroChina Company Limited which is publicly available are available from the registered office at No. 9 Dongzhimen North Street Dongcheng District Beijing, China or from the company's website at www.petrochina.com.cn ·

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: inventories, derivative financial instruments, financial instruments classified at fair value through profit and loss.

2 Accounting policies (continued)

Going concern

The Company has net assets of $1,450m (2021: $1,248m) and net current assets of $597m (2021: $320m). Bank borrowings of $nil (2021: $170m) and related party loans of $1,402m (2021: $1,131m) are due within one year. Furthermore, the Company is jointly and severally liable for credit facilities utilised by its subsidiary Petroineos Trading Limited amounting to $846m (2021: $1,335m) due within one year (see note 28).

In determining the appropriate basis of preparation for the financial statements for the year ended 31 December 2022, the Directors are required to consider whether the Company will be able to operate within the level of available facilities and cash for the foreseeable future, being a period of at least 12 months following the approval of the financial statements. Given the joint and several liability for facilities utilised by Petroineos Trading Limited, including any further draw-downs from the total uncommitted facilities currently available of $6.6bn of which $3.1bn is drawn-down at the date of approval of these financial statements, it is also fundamentally important to consider whether that Company will be able to operate, and meet its obligations, within the level of facilities, jointly available to the Company and Petroineos Trading Limited, and cash for the same period.

The Directors have concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, including the potential impact of the Ukraine conflict. The forecasts prepared, taking account of severe, but plausible downsides, demonstrate that the Company and Petroineos Trading Limited will be able to operate within the level of currently available uncommitted facilities for the forecast period. The continued uncertainty as to how the ongoing Ukraine conflict might evolve over the short-term, including what impact this may have on the operation of the business, commodity pricing and the wider energy market makes precise forecasting challenging. There is a higher degree of uncertainty than would usually be the case in making the key judgements and assumptions that underpin the Directors financial forecasts. The volatility and heightened gas prices in the year has had consequential impact on margin requirements and management have ensured adequate funds were available to cover this throughout the year.

2 Accounting policies (continued)

Going concern (continued)

The assessment is reliant on uncommitted banking facilities continuing to be available to the Company and Petroineos Trading Limited to draw-down throughout the forecast period for the purpose of Trade Finance and general-purpose corporate borrowing. The total uncommitted facilities are provided by 18 individual banks who, in accordance with the standard terms of such facilities, reserve the right to cancel the facilities or decline any request for draw down. These facilities are made available for the permitted purpose only as specified in each facility letter. Whilst all banks permit the use of such facilities, $7.175bn of these facilities are used for general-purpose and trade finance of which $1.563bn is available as working capital as at the date of approval of these financial statements. The nature of uncommitted banking facilities means that the ongoing availability of the facilities, in their entirety, and approvals to draw-down on the facilities are outside the control of the Company and Petroineos Trading Limited.

Should such uncommitted facilities not be made available to the Company to utilise in the next twelve months, PetroChina International Co. Ltd has indicated its intention to make available its own banking facilities and cash to enable the Company to meet its financial liabilities and obligations as they fall due and continue to trade. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors are confident, based on experience to date in obtaining approvals for draw-downs and the breadth of banks providing such facilities, that sufficient facilities will be available to the Company and Petroineos Trading Limited, for the permitted purpose, to be able to realise its assets and discharge its liabilities as they fall due for the forecast period. Consequently, the financial statements have been prepared on a going concern basis and do not include any adjustments which would be required if the going concern basis of preparation were to be deemed inappropriate.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company has identified the following areas as being critical to understanding the Company's financial position as they require management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain:

2 Accounting policies (continued)

Critical accounting judgements
In the process of applying the Company's accounting policies, management has made the following judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognised in the financial statements.

(a) Accounting policy choice to recognise gross revenue in relation to physically settled derivative forward sale contracts rather than present net trading income. In the absence of clear guidance regarding the presentation of profit or loss on settlement of non-financial contracts in scope of IFRS 9, two approaches are considered to be acceptable. There is a variety of practice between industry participants and some recognise only net trading income as revenue, whilst others recognised gross revenue based on the fair value of product sold. Note 3 provides an analysis of the Company's revenue, all revenue from Natural gas and LNG is from physically settled derivative forward sale contracts.

(b) Accounting policy choice to recognise gas sleeve trades, CPC (Caspian Pipeline Consortium) blend Crude trades on a gross basis. Judgement is required as there are indicators that the Company may be acting in an agency capacity on these transactions, however as it is the primary obligor under these contracts, management considered that recognition on a gross basis is appropriate. The total revenue recognised relating to these trades was $6.8 billion (2021: $7.2 billion).

(c) Classification of physical liquefied natural gas (LNG) purchase and sale contracts at amortised cost or fair value through profit and loss. Judgement is required to determine the appropriate IFRS 9 classification of physical LNG purchase and sale contracts as being measured at amortised cost or fair value through profit and loss. This requires an assessment of whether the contracts to buy or sell LNG (a non-financial item) can be settled net in cash or with another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, and whether there is a past practice of net settling similar contracts. Those physical LNG contracts that can be net settled are considered to be derivatives, measured at fair value through profit or loss (see notes 20 and 23).

Contracts that do not meet the definition of derivative are considered own use contacts and are to be accounted for as executory contracts measured at amortised cost.

Differing conclusions around classification of these contracts, may materially impact their presentation as financial assets or liabilities and any fair value adjustments recognised through profit and loss. As at 31 December 2022, the net fair value of physical LNG contracts on the statement of financial position is $0.1 million ($26.1 million forward physical asset and $26.0 million forward physical liability). The fair value on the LNG inventory on the statement of financial position is $19.5m (2021: $nil).

Key sources of estimation uncertainty
In the process of applying the Company's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

2 Accounting policies (continued)

(a) Impairment of investment

In 2021 the estimation of the recoverable amount of the Company's 49.9% investment in Petroineos Refining Limited resulted in a $167m impairment of its carrying value at 31 December 2020, reducing it from the initial investment of $588m to $421m. In 2022 the Company performed an impairment assessment and concluded there is no further impairment or reversal of impairment. See note (13) for further commentary on the impairment position.

Foreign currency transactions and balances

The Company's functional and presentational currency is US dollar being the currency of its investments in its subsidiaries and joint ventures and the currency that it receives funding from its parent company. Transactions in foreign currencies are translated into the Company's functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet dates are retranslated into the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account. Foreign exchange gains and losses arising from trading activities are recognised within Cost of Sales and those arising from financing activities are recognised within interest receivable and interest payable.

Foreign exchange gains and losses arising from trading activities are recognised within Cost of Sales and those arising from financing activities are recognised within interest receivable and interest payable.

Investments

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

Financial instruments

The Company routinely enters into sale and purchase transactions for physical delivery of natural gas. Such contracts are within the scope of IFRS 9 as they net settle or contain written options. These contracts are accounted for as derivatives under IFRS 9 and are recognised in the Company's statement of financial position at fair value. The gains and losses arising from changes in the fair value on derivatives are taken directly to the income statement for the year and is reported within Cost of Sales.

The Company uses a range of derivatives for both trading and to hedge exposures to financial risks, such as commodity price and foreign exchange risk arising in the normal course of business. All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and liabilities are offset and presented on a net basis only when both a legal right of set-off exists and the intention to net settle the derivative contracts is present. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship

2 Accounting policies (continued)

The Company enters into certain energy derivative contracts covering periods for which observable market data does not exist. The fair value of such derivatives is estimated by reference in part to the published price quotations from active markets, to the extent that such observable market data exists, and in part by using valuation techniques, whose inputs include data which is not based on or derived from observable markets. Where the fair value at initial recognition for such contracts differs from the transaction price, a fair value gain or loss will arise. This is referred to as a day-one gain or day-one loss. Such gains or losses are deferred (not recognised) and amortised to the income statement based on volumes purchased or delivered over the contractual period until such time observable market data becomes available. When observable market data becomes available, any remaining deferred day-one gains or losses are recognised within the income statement.

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 contracts and the host contracts are not carried at fair value, with gains or losses reported in the income statement. The closely-related nature of embedded derivatives is reassessed when there is a change in the terms of the contract which significantly modifies the future cash flows under the contract. Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in the income statement.

Intra-group Financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a continent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Netting of balances

Financial assets and financial liabilities are reported on a net basis only where there is a legally enforceable right of offset the recognised amounts and there is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Accounting policies (continued)

Inventories
Physical commodities principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin are held at fair value less costs to sell. These commodities include physical gas and emission allowances. The fair value is measured at the reporting date, i.e. spot price at the measurement date. Movements in the fair value of inventory between reporting dates are recognised directly through profit and loss, within "Cost of Sales".

Cash and cash equivalents
Cash comprises cash in hand and demand deposits, excluding cash required as margin held with brokers. Cash equivalents comprise short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value and have an original maturity of three months or less.

Trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the transaction price. The majority of the trade receivables arise from commodity contracts, many of which contain fixed pricing elements.

Prepayments and accrued income comprise of payments made in advance relating to the following year, and income relating to the current year, that will not be invoiced until after the balance sheet date.

Trade and other receivables, not subject to factoring, represent unsettled invoices arising from the principal activities of the Company. Trade receivables are held with the intention to collect contractual cash flows of solely principal and interest and are accounted for at amortised cost.

Other receivables includes amounts held as collateral, balances in clearing exchange and escrow accounts. Other receivables are held with the intention to collect contractual cash flows of solely principal and interest and are accounted for at amortised cost.

Intercompany loan receivables represent fixed interest rate working capital loans advanced to other group entities or related parties either in the UK or overseas. The repayment terms of the loans are a mixture of fixed term and repayable on demand loans. The Company has determined that the loan agreements do not have any non-standard lending terms. The cash flows resulting from the Intercompany loan agreements represent interest and principal settlement.

In accordance with IFRS 9, the Company applies an expected credit loss model for the impairment of financial assets which are not fair value through profit and loss. The Company applies the simplified approach, as described by IFRS 9, to measure expected credit losses for trade and other receivables. The simplified approach permits the use of a lifetime expected loss allowance. The measurement of expected credit losses on financial assets is based on assumptions about the future risk of default and expected loss rates. The Company uses judgement in making these assumptions; selecting the inputs to the impairment calculation based on the Company's past credit loss experience, existing market conditions and future estimates at each reporting period.

Trade and other payables
Trade payables are obligations to pay amounts to suppliers in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised at the original invoice amount.

2 Accounting policies (continued)

Revenue

Revenue from contracts with customers is recognised when the Company satisfies a performance obligation by transferring control of goods or services to a customer. The transfer of control of Crude Oil, Natural gas, LNG, and other items usually coincides with title passing to the customer and the customer taking physical possession.

Revenue on LNG provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

When a performance obligation is satisfied, the Company recognises as revenue the amount of the contract price that is allocated to that performance obligation. Contracts for the sale of commodities are typically referenced to publicly quoted prices.

Where the Company acts as an agent on behalf of a third party to procure or market energy commodities, any agency fee income is recognised but no sale or purchase is recorded.

The Company primarily enters into the following types of financial instruments:
(a) Non-financially settled contracts including physical Over the Counter "OTC" forward contracts;
(b) Financially-settled contracts including futures, options and SWAPS ("Paper transactions")

a) Non-financially settled contracts

Derivative contracts resulting in physical delivery to the customer

Sale contracts that are settled by physical delivery are accounted for under IFRS 9 until control of the commodity passes to the counterparty (e.g. physical shipment or delivery). Refer to Cost of Sales. Upon delivery of the commodity, and once control passes to the counterparty, the Company has elected to recognise revenue in relation to this contract with the customer. Revenue is measured at the contractual transaction price plus the fair value of the derivative on settlement date and is recorded within Revenue in the Income Statement.

b) Financially settled contracts

Financially-settled contracts do not result in physical delivery of commodities. These contracts are settled on a net basis, either in cash or with another financial instrument, when a netting agreement exists with the Counterparty.

These contracts are accounted for as financial instruments within the scope of IFRS 9. Counterparties to these transactions may, however, meet the IFRS 15 definition of a customer. The Company's policy is to account for these contracts on a net basis and present related gains and losses within Cost of Sales (i.e. no impact on revenue).

Cost of sales

Cost of sales of trading activity includes the cost of emission allowances, natural gas, renewable energy certificates, crude oil and LNG purchased during the period and related storage, capacity, distribution and brokerage costs.

The Company enters into forward sale and purchase agreements "OTC" forward contracts and are accounted for under IFRS 9. Derivative gains and losses that arise from these sale and purchase contracts are included within Cost of Sales. Derivative gains and losses from "Exchange" traded futures and options are also included within Cost of Sales.

2 Accounting policies (continued)

Employee benefits

Defined contribution pension obligation

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Interest receivable, Interest payable and Interest on leases

Interest payable and similar expenses and interest expense on leases is recognised in profit and loss using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset. Other interest receivable or similar income comprises interest receivable on funds invested and dividend income.

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit or loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2 Accounting policies (continued)

Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

2 Accounting policies (continued)

Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in long term lease liabilities the Statement of Financial Position.

2 Accounting policies (continued)

Leases (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The exemption for low value assets is available on a lease by lease basis, whereas the exemption for short term leases must be applied consistently to each separate class of underlying asset.

3 Revenue

The Company's revenue and pre-tax result were all derived from its principal activity undertaken in the United Kingdom and the analysis shows revenue by geographical destination and commodity.

	2022	2021
By geographical market:	**$ '000**	**$ '000**
UK	3,141,819	2,742,696
Europe	28,539,098	17,509,188
Africa	573,196	100,287
Asia	596,281	537,713
North America	-	100,322
South America	196,192	344,327
	33,046,586	21,334,534

	2022	2021
By commodity:	**$ '000**	**$ '000**
Crude	736,089	738,978
Natural gas	28,881,563	17,836,982
Liquefied natural gas	3,428,918	2,758,539
Other	17	35
	33,046,586	21,334,534

The Company enters into derivative contracts including forward sales contracts of Natural gas and LNG. These forward contracts are required to be fair valued under IFRS 9 Financial Instruments. Revenue from these forward sales contracts is measured at the contractual transaction price plus the fair value of the derivative on settlement date and is recorded within Revenue in the Income Statement. Revenue includes customer contracted revenue of $25,653m (2021: $13,303m) and the fair value gains of settled derivative sales contracts of $7,402m liability (2021: $8,032m liability). The Company enters into back-to-back Physical Crude deals whereby it procures CPC Blend Crude from CNPC Kazakhstan and sells straight through to Petroineos Trading Ltd.

4 Operating profit

Profit before taxation is stated after charging/(crediting)

	2022 $ '000	2021 $ '000
Unrealised (gain) / loss on OTC derivatives at year-end	(373,136)	(141,916)
Unrealised loss / (gain) on Exchange-traded derivatives at year-end	56,989	(32,320)
Net loss / (gains) from Exchange-traded settled contracts during the year	391,419	(178,570)

The Company enters into derivative contracts including forward sale contracts of Natural gas and LNG. These forward contracts are required to be fair valued under IFRS 9 Financial Instruments. Fair value gains and losses that arise on the sale and purchase contracts up to the point of settlement are recorded within Cost of Sales. Net derivative (gains)/losses on sale and purchase contracts settled during the year includes gains on sale contracts settled during the year of $7,402 million (2021: $8,032 million gain) offset by losses on purchases contracts of $7,818 million (2021: $7,925 million loss).

5 Other interest receivable and similar income

	2022 $ '000	2021 $ '000
Interest income on bank deposits	4,778	2,029
Interest income from related party loans	5,130	20,425
Gain on foreign exchange transactions	21,483	5,136
Guarantee fee income	37,021	20,776
	68,413	48,367

Guarantee fee income includes the guarantee fee at a rate of 1% of the facility that the Company earns from its related party, Petroineos Trading Limited in guaranteeing their bank credit facilities.

6 Interest payable and similar charges

	2022 $ '000	2021 $ '000
Interest expense	3,686	847
Interest expense to related parties	18,288	6,987
Other finance costs	1,307	93
Interest expense on lease liabilities	155	184
	23,437	8,112

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 $ '000	2021 $ '000
Wages and salaries	20,312	23,808
Social security costs	1,064	869
Pension costs, defined contribution scheme	177	189
	21,552	24,866

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Operations	43	40
Management	3	3
	46	43

8 Directors' remuneration

The employee costs shown above include the following remuneration in respect of one of the directors of the Company. The other directors are remunerated for their services to the group as a whole, which is disclosed in the consolidated financial statements of the parent company.

The directors' remuneration for the year was as follows:

	2022 $ '000	2021 $ '000
Remuneration	180	163

There are no directors accruing retirement benefits under a defined benefit pension scheme at the end of the year. There were no directors contributing to the Company's defined contribution pension scheme during the year.

9 Auditor's remuneration

	2022 $ '000	2021 $ '000
Audit of the financial statements	494	549

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £0.4m (2021: £0.5m). There were no fees payable to Deloitte LLP for non-audit services.

10 Income tax

Tax charged in the income statement

	2022 $ '000	2021 $ '000
Current taxation		
UK corporation tax at 19% (2021: 19%)	32,958	2,747
Adjustments in respect of prior periods	2,356	312
Group relief payable	6,889	21,781
	42,204	24,840
Deferred taxation		
Arising from origination and reversal of temporary differences	(1,299)	(1,298)
Arising from changes in tax rates and laws	103	620
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(2,523)	(306)
Total deferred taxation	(3,719)	(984)
Tax expense in the income statement	38,484	23,855

The tax on profit before tax for the year is the higher as the standard rate of corporation tax in UK for 2022 lower as the standard rate of corporation tax in UK of 19% (2021 - 19%).

The differences are reconciled below:

	2022 $ '000	2021 $ '000
Profit before taxation	241,167	119,189
Corporation tax at standard rate at 19% (2021: 19%)	45,822	22,646
Effects of adjustments in respect of prior periods	(167)	6
Effect of expenses not deductible for tax purposes	5	1
Effect on foreign exchange on current tax	(7,278)	583
Effect of tax rate change	103	620
Total tax charge	38,484	23,855

The standard rate of corporation tax in the UK remained at 19% for the entire duration of the year ended 31 December 2022.

Finance Act 2021 increased the rate of corporation tax from 19% to 25% with effect from 1 April 2023. Deferred tax assets and deferred tax liabilities are recognised as either 19% or 25% depending upon whether they are expected to reverse before or after 1 April 2023 respectively.

PetroChina International (London) Co., Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Deferred tax

Deferred tax assets and liabilities

2022	Asset $ '000	Liability $ '000	Net deferred tax $ '000
Accelerated tax depreciation	7	-	7
Short term timing differences	2,926	-	2,926
Revaluation of financial (liabilities)	388	(3,809)	(3,421)
Net tax assets/(liabilities)	3,322	(3,809)	(487)

2021	Asset $ '000	Liability $ '000	Net deferred tax $ '000
Accelerated tax depreciation	8	-	8
Short term timing differences	403	-	403
Revaluation of financial (liabilities)	524	(5,142)	(4,618)
Net tax assets/(liabilities)	936	(5,142)	(4,207)

Deferred tax movement during the year:

	At 1 January 2022 $ '000	Recognised in income $ '000	At 31 December 2022 $ '000
Accelerated tax depreciation	8	(1)	7
Short term timing differences	403	2,523	2,926
Revaluation of financial (liabilities)	(4,618)	1,197	(3,421)
Net tax liabilities	(4,207)	3,719	(487)

PetroChina International (London) Co., Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Deferred tax (continued)

Deferred tax movement during the prior year:

	At 1 January 2021 $ '000	Recognised in income $ '000	At 31 December 2021 $ '000
Accelerated tax depreciation	9		8
Short term timing differences	-	403	403
Revaluation of financial (liabilities)	(5,200)	582	(4,618)
Net tax liabilities	(5,191)	984	(4,207)

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset on accelerated capital allowances and short term timing differences. Where there is uncertainty of the reversal of such differences, these amounts remain unprovided.

12 Right-of-use assets

	Property $ '000
Cost or valuation	
At 1 January 2021	4,230
Additions	788
At 31 December 2021	5,018
At 1 January 2022	5,018
Additions	799
Disposals	(538)
At 31 December 2022	5,280
Depreciation	
At 1 January 2021	(837)
Charge for year	(735)
At 31 December 2021	(1,572)
At 1 January 2022	(1,572)
Charge for the year	(634)
Eliminated on disposal	538
At 31 December 2022	(1,669)
Carrying amount	
At 31 December 2022	3,611
At 31 December 2021	3,446

13 Investments

Subsidiaries	$ '000
Cost	
At 1 January 2021	427,375
Additions	357
At 31 December 2021	427,732
At 1 January 2022	427,732
At 31 December 2022	427,732
Carrying amount	
At 31 December 2022	427,732

13 Investments (continued)

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held 2022	2021
Petroineos Trading Limited*	Trading	Ogier House The Esplande St Helier JE4 9WG Jersey	Ordinary	50.01%	50.1%
Petroineos Fuels Limited	Trading	The Adelphi 1-11 John Adam Street London WC2N 6HT United Kingdom	Ordinary	50.1%	50.1%
Petroineos Europe Limited	Trading	The Adelphi 1-11 John Adam Street London WC2N 6HT United Kingdom	Ordinary	50.1%	50.1%
Petroineos Services France SAS	Trading	Avenue de la Bienfaisance BP 6 13117 Lavera France	Ordinary	50.1%	50.1%
Petrochina International (Netherlands) Company B.V.	Trading	Parnassusweg 737, 1077 DG Amsterdam Netherlands	Ordinary	100%	100%
PetroChina International (Nigeria) Company Ltd	Trading	House 1D Boi Estate Plot 1161 Yakubu Gowon Crescent Asokoro Nigeria Nigeria	Ordinary	75%	75%

* indicates direct investment of PetroChina International (London) Co., Limited

As the Company is a wholly owned subsidiary of PetroChina Company Limited and is included in the consolidated financial statements of PetroChina Company Limited which is publicly available, it is exempt from the requirement to prepare group financial statements under Basis of preparation.

13 Investments (continued)

Joint ventures and associates

	$ '000
Cost or valuation	
At 1 January 2021	421,345
At 31 December 2021	421,345
Carrying amount	
At 31 December 2022	421,345

Historically, investments have been impaired. The cost of this investment was $588m. During 2020 the impairment recognised was $167m, reducing the carrying amount to $421m.

The Company has a 49.9% interest in PIRL. PIRL has a 100% interest in two refineries, namely Lavera in France and Grangemouth in Scotland through separate subsidiaries.

The recoverable amount of the Company's investment in Petroineos Refining Limited ("PIRL") was assessed as the underlying consolidated net asset of value of PIRL, which includes the impact of the impairment of Grangemouth, adjusted for the difference between the fair value less cost to sell of Lavera and its carrying amount included in the PIRL net asset value. The fair value of Lavera was based on comparable recent transactions and listed peers with refining assets. After excluding outliers, the market multiples at 31 December 2022 were in a range of $750 to $1,400 per complex refinery barrel (2021: $1,200 to $1,400).

As Lavera has had significant investment in the recent years and is strategically positioned, management have assumed $1,236 per complex refinery barrel in the impairment assessment. If $1,000 was assumed, then a further impairment of $167m of the Company's investment in PIRL would be required, reducing the carrying value of the investment to $254m.

Margins have improved significantly in Lavera during 2022 and the refinery has seen a favourable trading environment during the year and into 2023. Whilst margins have also improved in Grangemouth, the refinery is less well situated and its assets are generally older than Lavera. Moreover, during 2023, the directors announced the strategic direction to transition Grangemouth to a terminal-only operation and cease refining. As a result, although Lavera has delivered improved cash flow, the timeline for future Grangemouth cash flows is uncertain and potentially much shorter. Accordingly the directors are satisfied no further impairment is necessary in 2022 and, given the uncertainty in Grangemouth refining operations, consider it appropriate not to reverse any past impairment.

Details of the joint ventures and associates as at 31 December 2022 are as follows:

13 Investments (continued)

Name of Joint ventures and associates	Principal activity	Registered office	Class of shares held	Proportion of ownership interest and voting rights held 2022	2021
Petroineos Refining Limited *	Oil refinery	Ogier House The Esplande St Helier JE4 9WG Jersey	Ordinary	49.9%	49.9%
Petroineos Manufacturing Scotland Limited	Oil refinery	Bo'Ness Road Grangemouth Stirlingshire FK3 9XH United Kingdom	Ordinary	49.9%	49.9%
Petroineos Manufacturing France SAS	Oil refinery	Avenue de la Bienfaisance BP 6 13117 Lavera France	Ordinary	49.9%	49.9%
Petroineos Fuels Assets Limited	Infrastructure services	The Adelphi 1-11 John Adam Street London WC2N 6HT United Kingdom	Ordinary	49.9%	49.9%
Innovene Trustees Limited	Dormant	Bo'Ness Road Grangemouth Stirlingshire United Kingdom	Ordinary	49.9%	49.9%
INEOS Infrastructure (Grangemouth) Limited	Infrastructure services	The Adelphi 1-11 John Adam Street London WC2N 6HT United Kingdom	Ordinary	24.95%	24.95%

* indicates direct investment of PetroChina International (London) Co., Limited

13 Investments (continued)

14 Derivative financial assets

	31 December 2022 $ '000	31 December 2021 $ '000
Non-current financial assets		
Derivatives carried at fair value through profit or loss	7,045	79,652

	31 December 2022 $ '000	31 December 2021 $ '000
Current financial assets		
Derivatives carried at fair value through profit or loss	897,713	2,061,563

Refer to note 23 for offsetting disclosure.

15 Inventories

	31 December 2022 $ '000	31 December 2021 $ '000
Gas and LNG in storage at fair value	70,943	-
Emission allowances at fair value	350,878	-
	421,822	-

The balance of Gas and LNG in storage is made up of LNG $19.5m and Gas $51.5m (2021: $nil).

There are no material differences between the carrying value of inventories on the statement of financial position and their replacement cost.

16 Trade and other receivables

	31 December 2022 $ '000	31 December 2021 $ '000
Trade receivables	276,763	41,113
Receivables from related parties	900,518	1,713,627
Accrued income	763,532	630,678
Prepayments	4,022	3,350
Other receivables	579,341	215,643
Total Trade and other receivables (Current)	2,524,176	2,604,411
Non-current receivables	-	82,841
Total Trade and other receivables	2,524,176	2,687,252

Receivables from related parties includes USD 818m loan (2021: USD 1,326m) which bears interest at 5.89%, EUR nil loan (2021: EUR 21m equivalent to USD 24m) which bears interest at Libor plus 5.89% per annum (2021: 1.65%), USD nil deposit (2021: USD 200m) which bears interest at 1.30%. USD 0.9m deposit (2021: nil) which bears interest at a fixed rate of 2.90%. All amounts owed by related parties are unsecured and have no scheduled repayment dates. Loan receivables from related parties are expected to be received within 1 year.

Other receivables include clearing broker balances totalling USD 213m (2021: USD 214m) and security deposits placed with trading platforms totalling USD 7m (2021: USD 2m).

PetroChina International (London) Co., Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Trade and other receivables (continued)

Details of non-current trade and other receivables

Receivables from related parties includes GBP nil (2021: GBP 57m (equivalent to USD 75m)) which bears interest at 7% per annum.

Age of trade receivables that are past due but not impaired

	31 December 2022 $ '000	31 December 2021 $ '000
Over 1 year	-	82,841

17 Cash and cash equivalents

	31 December 2022 $ '000	31 December 2021 $ '000
Cash at bank	979	942

18 Trade and other payables

	31 December 2022 $ '000	31 December 2021 $ '000
Trade payables	337,954	11,976
Accruals	569,573	677,876
Amounts due to related parties	1,563,185	1,131,021
Income tax liability	25,461	5,300
Outstanding defined contribution pension costs	2	1
Other payables	164,914	470,458
	2,661,089	2,296,631

Amounts due to related parties includes GBP nil (2021: GBP 120m and equivalent to USD 159m) which bears interest at Libor plus 0.84% per annum and CNY 2,000m loan (equivalent to USD 287m) (2021: CNY 2,000m and equivalent to USD 314m) which bears interest at a fixed rate of 1.80% per annum (2021: 1.80%), USD 350m loan which bears interest at a fixed rate of 4.73%, (2021: nil), USD 400m loan which bears interest at a fixed rate of 4.71% (2021: nil), USD 350m loan which bears interest at a fixed rate of 4.70% (2021: nil). All loans are due to be repaid within 1 year.

Other payables include OTC Collateral margining balances of USD 147m (2021: USD 450m).

19 Loans and borrowings

Bank borrowings includes GBP nil (2021: GBP 89m loan (equivalent to USD 120m)), USD nil (2021: USD 50m at a fixed rate of 0.39%).

	31 December 2022 $ '000	31 December 2021 $ '000
Current loans and borrowings		
Bank borrowings	-	170,274

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The Company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial management risk policy.

20 Derivative financial liabilities

	31 December 2022 $ '000	31 December 2021 $ '000
Non-current financial liabilities		
Derivatives carried at fair value through profit or loss	3,360	80,389

	31 December 2022 $ '000	31 December 2021 $ '000
Current financial liabilities		
Derivatives carried at fair value through profit or loss	585,252	1,879,076

21 Lease liabilities

The Company leases a building for its office, known as The Adelphi, situated at 1-11 John Adam Street, London, WC2N 6HT. The termination date of the agreement is 11 August 2032.

	$ '000
01 January 2022	3,748
Changes from financing cash flows	
Payment of lease liabilities	(219)
Payment of interest	(155)
Total changes from financing cash flows	(374)
The effects of changes in foreign exchange rates	155

21 Lease liabilities (continued)

	$ '000
Other changes	
Interest on leases liabilities	155
New and modification of leases	262
Total of other changes	417
31 December 2022	**3,946**

	$ '000
01 January 2021	3,452
Changes from financing cash flows	
Interest Expense	(184)
Payment of lease liabilities	(980)
Total changes from financing cash flows	(1,164)
The effects of changes in foreign exchange rates	490
Other changes	
Interest on leases liabilities	184
New and modification of leases	786
Total of other changes	970
31 December 2021	**3,748**

	31 December 2022 $ '000	31 December 2021 $ '000
Current portion of lease liabilities	1,034	744
Long term lease liabilities	2,912	3,004

The maturity analysis of lease payments is as follows:

	31 December 2022 $ '000	31 December 2021 $ '000
Less than one year	1,034	744
More than 1 year but not later than 5 years	1,354	1,295
More than 5 years	1,558	1,709
Total lease liabilities	3,946	3,748

21 Lease liabilities (continued)

	31 December 2022 $ '000	31 December 2021 $ '000
Amounts recognised in the statement of profit or loss		
Interest on lease liabilities	155	184
	155	184

22 Called-up share capital

Allotted, called-up and fully paid shares

	31 December 2022 Number	31 December 2022 $ '000	31 December 2021 Number	31 December 2021 $ '000
Ordinary shares of £1 each	500	771	500	771
Ordinary shares of $1 each	1,015,000	1,015,000	1,015,000	1,015,000
	1,015,500	1,015,771	1,015,500	1,015,771

The ordinary shares of £1 each and ordinary shares of US$1 each shall rank pari passu with regard to receiving notice, attending or voting at any general meetings of the Company as well as entitlement to dividend.

23 Financial risk review

This note presents information about the Company's exposure to financial risks and the Company's management of capital.

Liquidity risk

The Company's definition of liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

23 Financial risk review (continued)

Maturity analysis for financial liabilities and financial assets

2022 **Derivative assets**	**Less than 1 year** **$ '000**	**1-2 years** **$ '000**	**Total** **$ '000**
OTC trading contracts	873,563	5,856	879,418
Exchange-traded contracts	24,151	1,190	25,341
	897,713	7,045	904,759

2022 **Trade and other receivables**	**Less than 1 year** **$ '000**	**1-2 years** **$ '000**	**Total** **$ '000**
Trade receivables	276,763	-	276,763
Receivables from related parties	900,518	-	900,518
Accrued income	763,532	-	763,532
Prepayments	4,022	-	4,022
Other receivables	579,341	-	579,341
	2,524,176	-	2,524,176

2022 **Derivative liabilities**	**Less than 1 year** **$ '000**	**1-2 years** **$ '000**	**Total** **$ '000**
OTC trading contracts	516,317	2,333	518,650
Exchange-traded contracts	68,935	1,027	69,962
	585,252	3,360	588,612

2022 **Trade and other payables**	**Less than 1 year** **$ '000**	**1-2 years** **$ '000**	**Total** **$ '000**
Trade payables	337,954	-	337,954
Accruals	569,573	-	569,573
Amounts due to related parties	1,563,185	-	1,563,185
Other payables	164,914	-	164,914
	2,635,626	-	2,635,626

PetroChina International (London) Co., Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Financial risk review (continued)

2021 **Derivative assets**	**Less than 1 year $ '000**	**1-2 years $ '000**	**Total $ '000**
OTC trading contracts	2,016,836	73,721	2,090,556
Exchange-traded contracts	44,728	5,931	50,659
	2,061,563	79,652	2,141,215

2021 **Trade and other receivables**	**Less than 1 year $ '000**	**1-2 years $ '000**	**Total $ '000**
Trade receivables	41,113	-	41,113
Receivables from related parties	1,713,627	-	1,713,627
Accrued income	630,678	-	630,678
Prepayments	3,350	-	3,350
Other receivables	215,643	-	215,643
	2,604,411	-	2,604,411

2021 **Derivative liabilities**	**Less than 1 year $ '000**	**1-2 years $ '000**	**Total $ '000**
OTC trading contracts	1,860,937	80,314	1,941,251
Exchange-traded contracts	18,139	75	18,214
	1,879,076	80,389	1,959,465

2021 **Trade and other payables**	**Less than 1 year $ '000**	**1-2 years $ '000**	**Total $ '000**
Trade payables	11,976	-	11,976
Accruals	677,876	-	677,876
Amounts due to related parties	1,131,021	-	1,131,021
Other payables	470,458	-	470,458
	2,291,331	-	2,291,331

23 Financial risk review (continued)

Offsetting of financial assets and liabilities

In accordance to IAS 32, the Group reports financial assets and financial liabilities on a net basis in the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 31 December 2022 and 2021 were as follows:

	Gross amount $ '000	Amount offset $ '000	Net amount $ '000	Amount not subject to offsetting arrangements $ '000	Total as presented in statement of financial position $ '000
2022					
Derivative assets	3,324,881	2,420,419	904,462	296	904,759
Derivative liabilities	(3,009,030)	(2,420,419)	(588,612)	-	(588,612)
2021					
Derivative assets	7,000,518	4,863,484	2,137,034	4,181	2,141,215
Derivative liabilities	(6,822,949)	(4,863,484)	(1,959,465)	-	(1,959,465)

24 Fair value measurement

The Company measures derivative financial instruments at fair value at each balance sheet date. 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 at the measurement date. The fair value of derivative commodity contracts is based on market data or assumptions that market participants would use in setting a price for the asset or liability. Where quoted market prices are not available, the Company uses valuation techniques to determine the fair values of these contracts. Inputs to the valuation technique can be observable and readily obtainable, market corroborated or generally unobservable.

If at inception of a contract, the fair value cannot be supported solely by observable market data, any gain or loss determined by the valuation methodology is not recognised immediately through Profit and Loss, but is deferred. These amounts are commonly referred to as "day-one" gains and losses. The deferred gain or loss is recognised through Profit and Loss over the life of the contract on a straight-line or otherwise appropriate basis until substantially all of the remaining contract term can be valued using observable market data.

24 Fair value measurement (continued)

Fair value hierarchy

The Company is able to classify all financial assets and financial liabilities based on the observability of inputs to the valuation techniques used. The determination of the classification gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (level 1 measurement) and the lowest priority to those fair values determined with references to significant unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in an active market for identical assets and liabilities that the Company can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Substantially all of these inputs or assumptions are observable in the marketplace throughout the full term of the contract, can be derived from observable data or are supported by observable transaction prices executed in the marketplace.

Level 3 - Inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if, any, market activity for the asset or liability at the measurement date. These inputs may be used with internally developed methodologies that result in management's best estimate of fair-value.

With regards to the assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Market risk

Market risk is the risk of loss that results from changes in market prices (e.g. commodity prices, foreign currency exchange rates and interest rates) or other changes in other market factors (e.g. environmental). The Company maintains a relatively low level of exposure to market risk primarily by entering into offsetting derivative contracts.

The Company uses a Value at Risk (VaR) measure to monitor and review its exposure to market risk. The Executive management has approved VaR limits for all trading activities and regularly reviews the limits and monitors performance against these limits.

The following tables provide the fair value measurement hierarchy of the Company's assets and liabilities.

24 Fair value measurement (continued)

Assets measured at fair value
2022

	Level 1 $ '000	Level 2 $ '000	Total $ '000
OTC trading contracts	-	879,418	879,418
Exchange-trading contracts	25,341	-	25,341
	25,341	879,418	904,759

Assets measured at fair value
2021

	Level 1 $ '000	Level 2 $ '000	Total $ '000
OTC trading contracts	-	2,090,556	2,090,556
Exchange-trading contracts	50,659	-	50,659
	50,659	2,090,556	2,141,215

Liabilities measured at fair value
2022

	Level 1 $ '000	Level 2 $ '000	Total $ '000
OTC trading contracts	-	(518,650)	(518,650)
Exchange-trading contracts	(69,962)	-	(69,962)
	(69,962)	(518,650)	(588,612)

Liabilities measured at fair value
2021

	Level 1 $ '000	Level 2 $ '000	Total $ '000
OTC trading contracts	-	(1,941,251)	(1,941,251)
Exchange-trading contracts	(18,214)	-	(18,214)
	(18,214)	(1,941,251)	(1,959,465)

25 Related party transactions

The Company has transactions with the following related party entities (split by Group):

PetroChina Company Limited Group:
- PetroChina International (HongKong) Corporation Limited
- PetroChina International (Japan) Co., Limited
- PetroChina International (Kazakhstan) Co., Limited

The nature of the transactions with the PetroChina Company Limited Group is the sales and purchases of LNG.

INEOS Group Holdings SA Group:
- INEOS Europe AG

The nature of the transactions with the INEOS Group Holdings SA Group is the sales and purchases of Emission Allowances. There were none during 2021 and 2022.

25 Related party transactions (continued)

Petroineos Refining Limited Group:
• Petroineos Manufacturing France SAS
• Petroineos Manufacturing Scotland Limited

The nature of the transactions with the Petroineos Refining Limited Group is the sale and purchase of Natural Gas.

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow subsidiaries under common ownership. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	Sales 2022 $ '000	Other Income 2022 $ '000	Interest Income 2022 $ '000	Receivables Outstanding 2022 $ '000	Loan Receivable Outstanding 2022 $ '000
Petroineos Trading Limited	736,089	37,021	5,130	71,754	828,763
Petroineos Refining Limited	148,090	-	-	-	-
	884,179	37,021	5,130	71,754	828,763

	Sales 2021 $ '000	Other Income 2021 $ '000	Interest Income 2021 $ '000	Receivables Outstanding 2021 $ '000	Loan Receivable Outstanding 2021 $ '000
Petroineos Trading Limited	738,978	20,776	20,425	156,872	1,433,572
Petroineos Refining Limited	86,963	-	-	7,468	-
	825,941	20,776	20,425	164,340	1,433,572

In the year there was a Loan payable outstanding to Petroineos Trading Ltd for GBP nil (2021: GBP 120m and equivalent to USD 159m).

26 Parent and ultimate parent undertaking

The Company's immediate parent is PetroChina International Company Limited.

The ultimate parent is China National Petroleum Corporation. Incorporated in China.

The most senior parent entity producing publicly available financial statements is PetroChina Company Limited. These financial statements are available upon request from No. 9 Dongzhimen North Street, Dongcheng District, Beijing.

The ultimate controlling party is China National Petroleum Corporation. They prepare their own set of Group financial statements.

27 Non adjusting events after the financial period

The advent of the Ukraine war in 2022 has impacted trading and the geopolitical outlook is unlikely to revert to historic norms. Market unpredictability has posed new challenges and uncertainties, along with the evolving sanctions environments that have to be adhered to. The sanctions impact has resulted in an additional layer of review and consultation to ensure sanctions are complied with. Management fully stand behind the trading teams, and is dedicated to growing our business whilst maintaining a solid market risk control capability whilst complying with this evolving scenario.

The interest rate rises contributed to by inflationary pressures due to the war have been able to be managed well in a challenging environment. Management are committed to continuing to obtain the required financing to support the business growth and trading agenda in a high interest environment.

The consumer demand impact of these two interlinked areas of current demand is noted and monitored by the management team, but at this time the fluctuation to the core business lines is deemed to be within the bounds of normal operations and therefore contributes limited additional risk.

It was announced, during November 2023, that refining operations would cease at Grangemouth and focus on terminal activities. No date has been fixed for when this strategic change will commence.

28 Commitments

Guarantees and other financial commitments

The Company has bank credit facilities that are jointly available to the company and its subsidiary undertaking, Petroineos Trading Limited. Both the Company and its subsidiary are jointly and severally liable for these external facilities. The amounts outstanding by Petroineos Trading Limited at 31 December 2022 is $846m (2021: $1,335m) and are not presented in the financial statements.

The Company has Import Guarantees with Standard Chartered bank of 1.8m GBP and 0.15m EUR and also an Issued Guarantees with Natixis bank of 4.3m EUR.