

BP EXPLORATION (SOUTH ATLANTIC) LIMITED

(Registered No.08140815)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

Board of Directors: E Ismayilov
J C Thorseth
A-F Saloway

The directors present their report and the audited financial statements for the year ended 31 December 2021.

In accordance with section 414B (b) of the Companies Act 2006, the directors are taking advantage of the small companies exemption to not prepare a strategic report.

DIRECTORS' REPORT

Directors

The present directors are listed above.

E Ismayilov and J C Thorseth served as directors throughout the financial year. Changes since 1 January 2021 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
A-F Saloway	24 January 2022	
A G Frederiksen		31 January 2021

Directors' indemnity

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

Dividends

The company has not declared any dividends during the year (2020 \$0). The directors do not propose the payment of a dividend.

Post balance sheet event

There was no post balance sheet event identified.



DIRECTORS' REPORT

Going concern

The directors believe that the company is no longer a going concern as it is the intention of the directors that the company will be placed under member's voluntary liquidation given that the deregistration of the Uruguay branch has now been completed. The financial statements have therefore been prepared on a basis other than going concern. All balance sheet items have been presented at their net realizable value as at the end of the reporting period, however, this has not resulted in any modifications to the valuation of the balance sheet position at the year end. Notwithstanding the above, the company remains in a net asset position and has the ability to meet the company's liabilities as they fall due. The directors continue to expect that the company's asset carrying value will be recovered in full.

The company has ongoing funding arrangements with BP International Limited to manage its working capital. The directors' assessment has taken into account the ability of both the company and BP group to ensure availability of funds until the liquidation is completed.

Based on the assessment they have made of the company's profitability and financial situation, the directors have concluded that there are material uncertainties that cast significant doubt upon the company's ability to continue as a going concern and that, therefore, the company is unable to realize its assets and discharge its liabilities in the normal course of business. Therefore the financial statements have been prepared on a basis other than going concern.

Future developments

Given the company has relinquished its interest in the three deepwater blocks, the directors have intention to voluntarily liquidate the company since the deregistration process of the Uruguay branch was completed on 29 July 2020.

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates. Further details on these financial risks are included within Note 28 of the bp group Annual Report and Form 20-F for the year ended 31 December 2021.

Liquidity, financial capacity and financial, including credit, exposure

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

Auditors

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

DIRECTORS' REPORT

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

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Authorized for issue on behalf of the Board

DocuSigned by:

Emil Ismayilov

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E Ismayilov

Director

28-Jul-2022

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

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

BP EXPLORATION (SOUTH ATLANTIC) LIMITED

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements. Details of the directors' assessment of going concern are provided in the directors' report.

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF BP EXPLORATION (SOUTH ATLANTIC) LIMITED****Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of BP Exploration (South Atlantic) Limited (the company):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to Note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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, about their own identification and assessment of the risks of irregularities.

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 the UK Companies Act and relevant tax obligation and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

In addition to the above, our procedures to respond to the risks identified included the following:

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

INDEPENDENT AUDITOR'S REPORT

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Matters on which we are required to report by exception

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

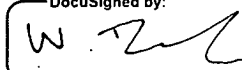
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:



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William Brooks FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP Statutory Auditor

London, United Kingdom

01 August 2022

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2021****BP EXPLORATION (SOUTH ATLANTIC) LIMITED**

		<u>2021</u>	<u>2020</u>
	Note	\$	\$
Administrative expenses		(17,050)	(13,810)
Operating loss	3	(17,050)	(13,810)
Loss before taxation		(17,050)	(13,810)
Tax on loss	5	—	—
Loss for the year		<u>(17,050)</u>	<u>(13,810)</u>

The loss of \$17,050 for the year ended 31 December 2021 was derived from administrative expenses.

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

BALANCE SHEET**AS AT 31 DECEMBER 2021****BP EXPLORATION (SOUTH ATLANTIC) LIMITED****(Registered No.08140815)**

	Note	2021 \$	2020 \$
Current assets			
Debtors: amounts falling due within one year	7	4,486,636	4,482,834
Creditors: amounts falling due within one year	8	(39,338)	(18,486)
Net current assets		4,447,298	4,464,348
NET ASSETS		<u>4,447,298</u>	<u>4,464,348</u>
Capital and reserves			
Called up share capital	9	160,000,001	160,000,001
Profit and loss account	10	(155,552,703)	(155,535,653)
TOTAL EQUITY		<u>4,447,298</u>	<u>4,464,348</u>

Authorized for issue on behalf of the Board

DocuSigned by:

Eml Ismayilov

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E Ismayilov

Director

28-Jul-2022

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2021****BP EXPLORATION (SOUTH ATLANTIC) LIMITED**

	Called up share capital (Note 9)	Profit and loss account (Note 10)	Total
	\$	\$	\$
Balance at 1 January 2020	160,000,001	(155,521,843)	4,478,158
Loss for the year, representing total comprehensive expense	—	(13,810)	(13,810)
Balance at 31 December 2020	160,000,001	(155,535,653)	4,464,348
Loss for the year, representing total comprehensive expense	—	(17,050)	(17,050)
Balance at 31 December 2021	<u>160,000,001</u>	<u>(155,552,703)</u>	<u>4,447,298</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2021****BP EXPLORATION (SOUTH ATLANTIC) LIMITED****1. Authorization of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)**

The financial statements of BP Exploration (South Atlantic) Limited for the year ended 31 December 2021 were approved by the board of directors on 22/07/2022 and the balance sheet was signed on the board's behalf by E Ismayilov. BP Exploration (South Atlantic) Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 08140815). The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

Principal activity

The company was incorporated for exploration and exploitation of hydrocarbons in Uruguay.

The company participated in Production Sharing Contracts ("PSC") with Administracion Nacional de Combustibles, Alcohol y Portland ("ANCAP"), the oil and gas regulatory authority in Uruguay to operate deepwater blocks. Under these agreements, the company had a maximum of 30 years to operate the blocks. The PSC gave the company the right to exclusively carry out the works corresponding to the exploration and possible exploitation of hydrocarbons in the deepwater blocks. During the committed first three year term, the company was required to perform seismic studies which were subcontracted out to PGS and Spectrum. The company relinquished its interest in the three deepwater blocks subsequent to the completion of the first three years term of the exploration period in December 2015. The company also applied for deregistration of its branch in Uruguay subsequent to the decision to relinquish the deepwater blocks. On 29 July 2020, the branch office was deregistered.

2. Significant accounting policies, judgements, estimates and assumptions

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

Basis of preparation

These financial statements have been prepared in accordance with FRS 101.

The accounts have been prepared on a basis other than that of a going concern and all balance sheet items have been moved to current and have been presented at the net realisable value as at the end of the reporting period.

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

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

- a. the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- b. the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1;

NOTES TO THE FINANCIAL STATEMENTS

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

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 12.

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

Significant accounting policies: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used.

There were no critical accounting judgements or estimates identified that would have a significant impact on the amounts recognized in the financial statements, or create a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Climate change, the energy transition, bp's strategy to 2030 and ambition to become a net-zero company by 2050 or sooner were considered in preparing the bp group consolidated financial statements. These issues are not expected to have significant impacts on the currently reported amounts of the company's assets and liabilities.

Significant accounting policies

Going concern

The directors believe that the company is no longer a going concern as it is the intention of the directors that the company will be placed under member's voluntary liquidation given that the deregistration of the Uruguay branch has now been completed. The financial statements have therefore been prepared on a basis other than a going concern. All balance sheet items have been presented at their net realizable value as at the end of the reporting period, however, this has not resulted in any modifications to the valuation of the balance sheet position at the year end. Notwithstanding the above, the company remains in a net asset position and has the ability to meet the company's liabilities as they fall due. The directors continue to expect that the company's asset carrying value will be recovered in full.

The company has ongoing funding arrangements with BP International Limited (BPI) to manage its working capital. The directors' assessment has taken into account the ability of both the company and BP group to ensure availability of funds until the liquidation is completed.

Foreign currency

The functional and presentation currency of the financial statements is US dollars. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

NOTES TO THE FINANCIAL STATEMENTS

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange on the balance sheet date. Any resulting exchange differences are included in the profit and loss account, unless hedge accounting is applied. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Financial assets

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

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

Financial assets measured at amortized cost

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

Impairment of financial assets measured at amortized cost

The company assesses on a forward-looking basis the expected credit losses associated with financial assets classified as measured at amortized cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the company is exposed to credit risk. As lifetime expected credit losses are recognized for trade receivables and the tenor of substantially all other in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the company. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the company expects to receive, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the profit and loss account.

A financial asset or group of financial assets classified as measured at amortized cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the company has no reasonable expectation of recovering amounts due.

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities

The measurement of financial liabilities is as follows:

Financial liabilities measured at amortized cost

Financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortized cost. This category of financial liabilities includes trade and other payables and finance debt.

Offsetting of financial assets and liabilities

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

Taxation

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

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

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

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

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

Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. An exception is where the deferred tax asset relates to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination, at the

NOTES TO THE FINANCIAL STATEMENTS

time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductive temporary differences.

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

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

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

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

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

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

Impact of new International Financial Reporting Standards

bp adopted amendments to IFRS9 "financial instruments - Interest Rate Benchmark Reform (Phase II)", IFRS 16 "Leases" with effect from 1 January 2021. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the company's financial statements.

The adoption of 'Interest Rate Benchmark Reform – Phase II' – Amendments to IFRS 9 'Financial instruments', IFRS 16 'Leases' has had no material impact on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS**3. Operating loss**

This is stated after charging:

	2021	2020
	\$	\$
Net foreign exchange losses	—	613

4. Auditor's remuneration

	2021	2020
	\$	\$
Fees for the audit of the company	17,050	11,883

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

5. Taxation

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

(a) Reconciliation of the effective tax rate

The tax assessed on the loss for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2021 (2020 19%). The differences are reconciled below:

	2021	2020
	\$	\$
Loss before taxation	(17,050)	(13,810)
Tax charge / (credit)	—	—
Effective tax rate	—%	—%
	2021	2020
	%	%
UK statutory corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Free group relief	—	(1)
Movements in unrecognised deferred tax	(19)	(18)
Effective tax rate	—	—

Change in corporation tax rate

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

(b) Provision for deferred tax

Deferred tax has not been recognised on deductible temporary differences of \$5,389,000 (2020 \$40,387,000) relating to pre-trading expenditure with a fixed expiry date; unused amounts expire in the period 2022 - 2028, and \$475,000 (2020: \$475,000) in respect of pre-trading capital expenditure which has no expiry date.

NOTES TO THE FINANCIAL STATEMENTS**6. Directors and employees****(a) Remuneration of directors**

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2020 \$Nil).

(b) Employee costs

The company had no employees during the year (2020 None).

7. Debtors

Amounts falling due within one year:

	2021	2020
	\$	\$
Amounts owed from parent undertakings	4,469,816	4,482,834
Amounts owed by associates	16,820	—
	<u>4,486,636</u>	<u>4,482,834</u>

The amounts owed from parent undertakings comprise a funding account of \$4,469,816 (2020 \$4,482,834), which is repayable on demand. The account is a non-interest bearing account.

8. Creditors

Amounts falling due within one year:

	2021	2020
	\$	\$
Other creditors	10,405	6,603
Accruals and deferred income	28,933	11,883
	<u>39,338</u>	<u>18,486</u>

9. Called up share capital

	2021	2020
	\$	\$
Issued and fully paid:		
160,000,001 ordinary shares of \$1 each for a total nominal value of \$160,000,001	<u>160,000,001</u>	<u>160,000,001</u>

10. Reserves***Called up share capital***

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

Profit and loss account

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

NOTES TO THE FINANCIAL STATEMENTS**11. Related party transactions**

The company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel. There were no other related party transactions in the year.

12. Immediate and ultimate controlling parent undertaking

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