

BP AUSTRALIA SWAPS MANAGEMENT LIMITED
(Registered No.08298838)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

Board of directors: K M Berry
D C W Meredith

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

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.

There have been no director appointments or resignations since 1 January 2022.

Directors' indemnity

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

Dividends

During the year the company has declared and paid dividends of \$1,000,000,000 (2021 \$Nil). The directors do not propose the payment of a final dividend (2021 \$Nil).

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The current economic and geopolitical environment were considered as part of the going concern assessment.

Liquidity and financing is managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see page 2.



Going concern (continued)

The company has ongoing funding arrangements with BP International Limited to manage its working capital. The director's assessment has taken into account the ability of both the company and bp group to ensure availability of funds at least 12 months from the date of the approval of these financial statements.

In assessing the prospects of BP Australia Swaps Management Limited, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Having a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, the directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Future developments

The directors consider that, despite the uncertainties deriving from the current economic environment and the loss reported for the year, the company is in a good position to take advantage of any opportunities which may arise in the future.

It is the intention of the directors that the business of the company will continue for the foreseeable future.

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 foreign currency exchange rates, interest rates and credit risk. Further details on these financial risks are included within Note 29 of the bp group Annual Report and Form 20-F for the year ended 31 December 2022.

Prices and markets

The company's financial performance is subject to exchange rate fluctuations and the general macroeconomic outlook.

Exchange rate fluctuations can create currency exposures and impact underlying costs.

Liquidity, financial capacity and financial exposure

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

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.

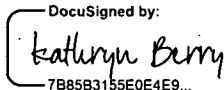
Directors' statement as to the disclosure of information to the auditor

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.

Approved by the board of directors and signed on behalf of the board by:

DocuSigned by:

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K M Berry

Director

July 21, 2023

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

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

BP AUSTRALIA SWAPS MANAGEMENT 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 AUSTRALIA SWAPS MANAGEMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BP Australia Swaps Management 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 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 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

We obtained an understanding of the legal and regulatory framework(s) that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements, and environmental regulations when they are applicable.

We discussed among the audit engagement team including relevant internal 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.

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 and reviewing correspondence with HMRC & the licensing authority.

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:

David Holtam

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David Holtam FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

July 21, 2023

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2022****BP AUSTRALIA SWAPS MANAGEMENT LIMITED**

		2022	2021
	Note	\$ million	\$ million
Administrative expenses		(244)	(201)
Operating loss	3	(244)	(201)
Interest receivable and similar income	5	67	37
Loss before taxation		(177)	(164)
Tax on loss	6	(5)	(4)
Loss for the financial year		(182)	(168)

The loss of \$182 million for the year ended 31 December 2022 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2022****BP AUSTRALIA SWAPS MANAGEMENT LIMITED****(Registered No.08298838)**

	Note	2022 \$ million	2021 \$ million
Current assets			
Debtors – amounts falling due:			
within one year	8	37	1,056
after one year	8	2,201	2,363
		<u>2,238</u>	<u>3,419</u>
Creditors: amounts falling due within one year	9	(1)	—
Net current assets		<u>2,237</u>	<u>3,419</u>
NET ASSETS		<u>2,237</u>	<u>3,419</u>
Capital and reserves			
Called up share capital	10	1	4,078
Capital redemption reserve	11	—	663
Profit and loss account	11	2,236	(1,322)
TOTAL EQUITY		<u>2,237</u>	<u>3,419</u>

Approved by the board of directors and signed on behalf of the board by:

DocuSigned by:



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K M Berry

Director

July 21, 2023

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

BP AUSTRALIA SWAPS MANAGEMENT LIMITED

	Called up share capital (Note 10) \$ million	Capital redemption reserve (Note 11) \$ million	Profit and loss account (Note 11) \$ million	Total \$ million
Balance at 1 January 2021	4,078	663	(1,154)	3,587
Loss for the financial year, representing total comprehensive income	—	—	(168)	(168)
Balance at 31 December 2021	4,078	663	(1,322)	3,419
Loss for the financial year, representing total comprehensive income	—	—	(182)	(182)
Reduction of share capital	(4,077)	—	4,077	—
Reduction of capital redemption reserve	—	(663)	663	—
Dividends paid	—	—	(1,000)	(1,000)
Balance at 31 December 2022	1	—	2,236	2,237

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2022****BP AUSTRALIA SWAPS MANAGEMENT LIMITED****1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)**

The financial statements of BP Australia Swaps Management Limited for the year ended 31 December 2022 were approved by the board of directors on 21 July 2023 and the balance sheet was signed on the board's behalf by K M Berry. BP Australia Swaps Management Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 08298838) under the Companies Act 2006. The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

Principal activity

The company is engaged in providing loan and other financial instrument services to companies within the bp group.

2. Significant accounting policies, judgements, estimates and assumptions

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

Basis of preparation

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

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

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;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment';
- (h) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (i) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement.

NOTES TO THE FINANCIAL STATEMENTS

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

Basis of preparation (continued)

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 13.

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

Significant accounting policies: use of judgements, estimates and assumptions

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

The accounting judgements and estimates that have a significant impact on the results of the company are set out within the boxed text below, and should be read in conjunction with the information provided in the Notes to the financial statements.

The area requiring the most significant judgement and estimation in the preparation of the financial statements is the determination of functional currency.

Significant accounting policies

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The current economic and geopolitical environment were considered as part of the going concern assessment.

Liquidity and financing is managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see page 2.

The company has ongoing funding arrangements with BP International Limited to manage its working capital. The director's assessment has taken into account the ability of both the company and bp group to ensure availability of funds at least 12 months from the date of the approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Going concern (continued)

In assessing the prospects of BP Australia Swaps Management Limited, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Having a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, the directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

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.

Significant judgements: functional currency

Judgement is required in determining the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the company. Management has considered the primary indicators before considering the other indicators to determine the company's functional currency. The company's functional currency reflects the underlying transactions, events and conditions that are relevant to it. Accordingly, once determined, the functional currency is not changed unless there is a change in those underlying transactions, events and conditions. As the company is considered to be an extension of its parent company, its functional currency is the same as its parent company and has remained US dollars.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

Financial assets (continued)

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 amounts owed from group undertakings.

Impairment of financial assets measured at amortized cost

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

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

Financial liabilities

The measurement of financial liabilities is as follows:

Financial liabilities measured at amortized cost

Financial liabilities are initially recognized at fair value, net of directly attributable transaction costs.

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

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 current tax.

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

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

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

Where tax treatments are uncertain, if it is considered probable that a taxation authority will accept the company's proposed tax treatment, income taxes are recognized consistent with the company's income tax filings. If it is not considered probable, the uncertainty is reflected 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.

Interest income

Interest income is recognized as the interest accrues.

Dividends payable

Final dividends are recorded in the financial statements in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Updates to significant accounting policies

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of new International Financial Reporting Standards

There are no IASB standards, amendments or interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the company.

3. Operating loss

This is stated after charging:

	2022	2021
	\$ million	\$ million
Net foreign exchange losses	242	201
Expected loss allowance on amounts owed from group undertakings	2	—

NOTES TO THE FINANCIAL STATEMENTS

4. Auditor's remuneration

	2022	2021
	\$000	\$000
Fees for the audit of the company	20	36

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 Australia Swaps Management Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

5. Interest receivable and similar income

	2022	2021
	\$ million	\$ million
Interest income from amounts owed by group undertakings	67	37

6. Taxation

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

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

	2022	2021
	\$ million	\$ million
<u>Current tax</u>		
Overseas tax on income for the year	5	4
Tax charged on loss	5	4

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 2022 (2021 19%). The differences are reconciled below:

	2022	2021
	UK	UK
	\$ million	\$ million
Loss before tax	(177)	(164)
Tax charge	5	4
Effective tax rate	(3)%	(2)%

NOTES TO THE FINANCIAL STATEMENTS

6. Taxation (continued)

Reconciliation of the effective tax rate (continued)

	2022	2021
	UK	UK
	%	%
UK corporation tax rate:	19	19
Overseas corporation tax rate:	—	—
(Decrease) / increase resulting from:		
Non-deductible expenditure	(27)	(23)
Double tax relief	3	2
Overseas tax	(3)	(2)
Free group relief	5	2
Effective tax rate	(3)	(2)

Change in corporation tax rate

On 3 March 2021, the UK Government announced an increase in 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. This rate change was substantively enacted on 24 May 2021. There is no impact of this rate change on the company's deferred tax position as the company had no deferred tax balances, recognised or unrecognised, at the balance sheet date.

7. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2021 \$Nil).

(b) Employee costs

The company had no employees during the year (2021 None).

8. Debtors

Amounts falling due within one year:

	2022	2021
	\$ million	\$ million
Amounts owed from group undertakings	37	1,056

Amounts falling due after one year:

	2022	2021
	\$ million	\$ million
Amounts owed from group undertakings	2,201	2,363
Total debtors	2,238	3,419

Included within the amounts owed from group undertakings due within one year is an Internal Funding Account (IFA) of \$28 million receivable from BP International Limited (2021 \$1,053 million).

NOTES TO THE FINANCIAL STATEMENTS

8. Debtors (continued)

This balance forms a key part of the bp group's liquidity and funding arrangements under its centralised treasury funding model and it can be accessed by BP International Limited at short notice. Whilst IFA balances are legally repayable on demand, in practice they have no termination date.

Interest is accrued on a monthly basis based on AUD daily overnight BBSW (Bank Bill Swap Rates).

The amounts owed from group undertakings due after one year comprise variable rate loans with interest being charged over a 3-month period based on BBSW and average maturity is January 2027 (from January 2025 to January 2028).

The IFRS 9 expected credit loss carried forward is \$7.7 million (2021 \$5.8 million). The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The current economic environment and future credit risk outlook have been considered in updating the estimate of expected credit loss allowances on financial assets measured at amortized cost.

9. Creditors

Amounts falling due within one year:

	2022	2021
	\$ million	\$ million
Accruals	1	—

10. Called up share capital

	2022	2021
	\$ million	\$ million
Issued and fully paid:		
1,000,000 (2021 4,077,694,847) ordinary shares of \$1 each for a total nominal value of \$1,000,000 (2021 \$4,077,694,847)	1	4,078

In January 2022, the company underwent a capital reduction by cancelling and extinguishing 4,076,694,847 ordinary shares of \$1 each.

11. 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.

Capital redemption reserve

The balance on this reserve comprised non-distributable profits of the company. In January 2022, the company reduced the entire capital redemption reserve of \$663,000,000 to \$Nil.

Profit and loss account

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

NOTES TO THE FINANCIAL STATEMENTS

12. 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.

13. Immediate and ultimate controlling parent undertaking

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