BP PIPELINES TAP LIMITED
(Registered No.10027204)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

Board of Directors: J Freeman
R G Jones
T L Juliussen

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

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.

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DIRECTORS' REPORT

BP PIPELINES TAP LIMITED

Directors

The present directors are listed on page 1.

J Freeman and R G Jones served as directors throughout the financial year. Changes since 1 January 2019 are as follows:

	Appointed	Resigned
T L Juliussen	10 March 2020	—

Directors' indemnity

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

Dividends

The company has not declared any dividends during the year (2018 €Nil). The directors do not propose the payment of a dividend.

Post balance sheet events

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

On 15 June 2020 BP issued a press release detailing revised investment appraisal long-term oil and gas price assumptions used in tangible assets impairment testing. The revised long-term price assumptions used to determine recoverable amount based on value-in-use impairment tests are an average of $55/bbl for Brent and $2.90 per MMBtu for Henry Hub for the period of 2021-2050 (in 2020 prices). As a result of the revised long-term price assumptions and a review of the long-term strategic plan, management reviewed BP's exploration prospects and the carrying value of the associated intangible assets. The outcome of the review has resulted in revised judgements over the expectations to extract value from certain prospects. Impairment tests have been performed for the purposes of the BP Plc group financial statements as at 30 June 2020, which is expected to result in an impairment charge to certain oil and gas assets whose product is transported through the pipeline of the company's investment. This in turn could result is a fall in throughput through the pipeline, which could impact the value of the company's investment, however this is not currently expected to result in impairment of the company's investment. These revisions and impairments relate to events and circumstances arising since 31 December 2019 and therefore the impact on BP Pipelines TAP Limited will be included in the financial statements for the year ended 31 December 2020.

After the balance sheet date, 14,962,669 ordinary shares of €1 each for a total nominal value of €14,962,669, were allotted to the immediate parent company at par value.

On 6 February 2020 the company subscribed to 7,400,000 ordinary shares of 1 Swiss Franc each in Trans Adriatic Pipeline AG for cash consideration of €6,919,062. On 2 June 2020 the company subscribed to 8,600,000 ordinary shares of 1 Swiss Franc each in Trans Adriatic Pipeline AG for cash consideration of €8,043,607.

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Going concern

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

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

Although the company has Internal Financing Account agreement (IFA) and BP Intragroup Long Term Loan Facility Agreement, group funding is not required to cover loan cash calls from the company's investee, Trans Adriatic Pipeline AG ("TAP"), since December 2018, when TAP repaid almost the full amount of loan due to refinancing proceeds provided to TAP from external banks. Group funding is however still required to cover equity cash calls from TAP as per the funding mechanism prescribed in incorporation documents of the company. As per TAP cash forecast the final cash call to fund the pipeline construction for amount of €6m (BP share) is planned on November 2020.

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

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

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

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

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

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as foreign currency exchange rates and interest rates. Further details on these financial risks are included within Note 29 of the BP group Annual Report and Form 20-F for the year ended 31 December 2019.

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

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

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

This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Authorized for issue by Order of the Board

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

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Registered Office:
29 September 2020

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BP PIPELINES TAP 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BP PIPELINES TAP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BP Pipelines TAP Limited (the company):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

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INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

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29 September 2020

William Brooks FCA (Senior Statutory Auditor)
for and on behalf of **Deloitte LLP** **Statutory Auditor**
London, United Kingdom

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

BP PIPELINES TAP LIMITED

	Note	2019 €000	2018 Restated €000
Administrative expenses		(7)	(15)
Impairment of fixed asset investments	8	—	(95,837)
Reversal of impairment of fixed asset investments	8	95,837	—
Operating profit / (loss)		95,830	(95,852)
Interest receivable and similar income	4	30	8,019
Interest payable and similar expenses	5	—	(5,368)
Profit / (loss) before taxation		95,860	(93,201)
Tax on profit	6	—	—
Profit / (loss) for the year		95,860	(93,201)

The profit of €95,860,000 for the year ended 31 December 2019 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

There is no comprehensive profit attributable to the shareholders of the company other than the profit for the year 2019 (2018 Restated €Nil).

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BALANCE SHEET

AS AT 31 DECEMBER 2019

BP PIPELINES TAP LIMITED
(Registered No.10027204)

	Note	2019 €000	2018 Restated €000
Fixed assets			
Investments	**8**	525,382	406,380
Current assets			
Debtors: amounts falling due within one year	**9**	143,315	143,775
Creditors: amounts falling due within one year	**10**	(598)	(458)
Net current assets		142,717	143,317
TOTAL ASSETS LESS CURRENT LIABILITIES		668,099	549,697
Creditors: amounts falling due after more than one year	**10**	(4,859)	(5,452)
NET ASSETS		663,240	544,245
Capital and reserves			
Called up share capital	**11**	439,806	416,671
Other reserves	**12**	216,610	216,610
Profit and loss account	**12**	6,824	(89,036)
TOTAL EQUITY		663,240	544,245

Authorized for issue on behalf of the Board

DocuSigned by:
Jaqui Freeman
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J Freeman
Director
29 September 2020 2020

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

BP PIPELINES TAP LIMITED

	Called up share capital (Note 11)	Other reserves (Note 12)	Profit and loss account (Note 12)	Total
	€000	€000	€000	€000
Balance at 1 January 2018 – As restated	377,693	—	4,165	381,858
Loss for the year, representing total comprehensive income for the year - As restated	—	—	(93,201)	(93,201)
Financial guarantee - capital contribution - As restated	—	216,610	—	216,610
Issue of share capital	38,978	—	—	38,978
Balance at 31 December 2018 – As restated	416,671	216,610	(89,036)	544,245
Profit for the year, representing total comprehensive income for the year	—	—	95,860	95,860
Issue of share capital	23,135	—	—	23,135
Balance at 31 December 2019	439,806	216,610	6,824	663,240

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1. Authorization of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of BP Pipelines TAP Limited for the year ended 31 December 2019 were approved by the board of directors on 29/09/20 and the balance sheet was signed on the board's behalf by J Freeman. BP Pipelines TAP Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 10027204). 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

BP Pipelines TAP Limited (the company) was formed on 25 February 2016. On 21 June 2016, the company purchased 20% of shares in Trans Adriatic Pipeline AG (TAP) from another BP Group company, BP Gas Marketing Limited (BPGM).

TAP was established for construction and operation of the Trans Adriatic pipeline (TAP Pipeline), which will be the last part of the Southern Gas Corridor (SGC). SGC will connect the Shah Deniz gas field in Azerbaijan to Europe through the Shah Deniz II development, the expanded South Caucasus Pipeline (SCPX), Trans Anatolian Pipeline (TANAP Pipeline) and the TAP Pipeline. SCPX will export gas from Sangachal terminal near Baku, Azerbaijan, through Azerbaijan and Georgia to Georgia-Turkey border. TANAP Pipeline will connect with SCPX at Georgia-Turkey border and have two take-off points to deliver gas to BOTAŞ Petroleum Pipeline Corporation (BOTAŞ), the state owned company in Turkey. TAP Pipeline will continue from Turkey-Greece border through Greece, Albania and will end in Italy. Since TAP Pipeline will enhance energy security and diversify gas supplies for several European markets, the TAP project is supported by the European institutions and seen as a "Project of Common Interest".

The TAP Pipeline will be 878 km long with the designed capacity of about 10 billion cubic metres of natural gas per year, with the option to expand the capacity up to 20 billion cubic meters.

The pipeline is expected to cost about €4.5 billion. The capital expenditures incurred from the beginning of the construction to the end of 2019 is €3.9 billion (2018 €3.4 billion).

TAP Pipeline is at construction phase, which commenced in 2015 with the pre-construction site preparation work for Albanian infrastructure; the main construction work started in the second quarter of 2016 and will last until first gas in 2020. The Shah Deniz Consortium provided the first gas sales through TANAP to Turkey in June 2018. First gas delivery to Europe commenced in November 2019 for TAP line fill gas. The first Commercial Gas sale to Europe is targeted for Q4 2020.

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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. Where retrospective restatements were required as a result of the implementation of new accounting standards or changes to existing accounting standards, these have been applied to all comparative years presented.

Management of the company have decided to change accounting policy from investment at equity accounting method to cost method to more closely align the accounting with the purpose of the entity as a holding company, and the requirements of users of the financial statements.

The investment at cost method implies that fixed asset investments in associates are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

According to IAS 8 the change in accounting policy is applied retrospectively. Retrospective application means adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied (Note 15).

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

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
(c) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
(d) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
(g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
(h) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
(i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets.

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 16.

The financial statements are presented in Euros and all values are rounded to the nearest thousand Euros (€000), except where otherwise indicated.

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

Significant accounting policies: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used. The accounting judgements and estimates that have a significant impact on the results of the company are set out within the boxed text below, and should be read in conjunction with the information provided in the Notes to the financial statements.

Significant accounting policies

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved and the financial statements have therefore been prepared under the going concern basis.

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

Foreign currency

The functional and presentation currency of the financial statements is Euros. 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.

Investments

Investments in associates are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Interests in associates

An associate is an entity over which the company has significant influence, through the power to participate in the financial and operating policy decisions of the investee, but which is not a subsidiary or a joint arrangement.

Having 20% of ownership in TAP, the company participates in policy setting and decision making process of TAP through having two board directors with voting rights, one of the two directors being also the Chairman. Apart from that, BP is entitled for two members, one of which should be a board member, attending each of the TAP Committees, such as Finance, Risk and Audit Committee, Project Review Committee and TAP Financing Committee. Hence, the company has significant influence over TAP's activities.

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

Significant judgements and estimates: impairment of investments

Determination as to whether, and how much, an investment is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas and refined products.

For value in use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The pre-tax discount rate is based upon the cost of funding the group derived from an established model, adjusted to a pre-tax basis. Fair value less costs of disposal calculations use the post-tax discount rate. The discount rates applied in impairment tests are reassessed each year.

In cases where fair value less costs to sell is used to determine the recoverable amount of an asset, where recent market transactions for the asset are not available for reference, accounting judgements are made about the assumptions market participants would use when pricing the asset. Fair value less costs to sell may be determined based on similar recent market transaction data or using discounted cash flow techniques. Where discounted cash flow analyses are used to calculate fair value less costs to sell, estimates are made about the assumptions market participants would use when pricing the asset and the test is performed on a post-tax basis.

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 of other in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the company. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the company expects to receive, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the profit and loss account.

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

Impairment of financial assets measured at amortized cost (continued)

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

Financial liabilities

The measurement of financial liabilities is as follows:

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

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

Financial guarantee contracts

In 2018 the company's investee, TAP, borrowed loans from external banks and BP International Limited ("BPI") on behalf of the company provided the financial guarantees to the lenders of the company's investee that expire in December 2034. The cumulative guarantee fees owed by the company to BPI are recognized as an increase in the investment and a payable. The fair value of the financial guarantee net of cumulative fees payable over the term of the guarantee are recognized as an increase in the investment and a capital contribution in other reserves.

Taxation

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.

Finance costs

All finance costs are recognized in the profit and loss account in the period in which they are incurred.

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

Impact of new International Financial Reporting Standards

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

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

3. Auditor's remuneration

	2019	2018
	€000	€000
Fees for the audit of the company	21	17

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

4. Interest receivable and similar income

	2019	2018
	€000	€000
Interest income from loans to associate	30	8,019

5. Interest payable and similar expenses

	2019	2018
	€000	€000
Interest expense on:		
Loans from group undertakings	—	5,368

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6. 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 profit for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2019 (2018 19%). The differences are reconciled below:

	2019	2018 Restated
	€000	€000
Profit before tax	95,860	(93,201)
Tax charge / (credit)	—	—
Effective tax rate	—%	—%

	2019	2018 Restated
	%	%
UK corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Non-taxable income	(19)	—
Non-deductible expenditure	—	(20)
Free group relief	—	1
Effective tax rate	—	—

Change in corporation tax rate
A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

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 (2018 €Nil).

(b) Employee costs

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

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8. Investments

	Investment in associates	Loans to associates	Total
Cost	€000	€000	€000
At 1 January 2018 – As restated	231,066	372,629	603,695
Loan contributions in associate	—	148,000	148,000
Loan interest in associate	—	8,019	8,019
Loan repayment		(518,995)	(518,995)
Equity contributions in associate	38,978	—	38,978
Financial guarantee - capital contribution	216,610	—	216,610
Financial guarantee - fees payable	5,910	—	5,910
At 31 December 2018 – As restated	492,564	9,653	502,217
At 1 January 2019	492,564	9,653	502,217
Loan contributions in associate	—	—	—
Loan interest in associate	—	30	30
Loan balance conversion to equity contribution in associate	—	(9,683)	(9,683)
Equity contributions in associate	32,818	—	32,818
At 31 December 2019	525,382	—	525,382
Impairment losses			
At 1 January 2018	—	—	—
Charge for the year	(95,837)	—	(95,837)
At 31 December 2018 – As restated	(95,837)	—	(95,837)
At 1 January 2019	(95,837)	—	(95,837)
Reversal	95,837	—	95,837
At 31 December 2019	—	—	—
Net book amount			
At 31 December 2019	525,382	—	525,382
At 31 December 2018 – As restated	396,727	9,653	406,380

The investment in associate is stated at cost less provision for impairment. In performing an assessment of the recoverability of cash flows from the investment, the value in use pertaining to the investment in the TAP Pipeline has been determined by the present value of expected dividend receipts. The present value of the estimated cash flows of the investee, with appropriate assumptions, have been used as a proxy for deriving these dividend receipts. The resulting future discounted cash flows were €95,837,000 lower than the value of the investment and such amount was recorded as an impairment in 2018. In 2019 the impairment charge had been reversed in full amount due to the change of discount rate, tax rate and interest rate.

The investments in the associated undertakings are unlisted.

The associate undertakings of the company at 31 December 2019 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

All voting rights are equal to percentage of share capital owned unless otherwise noted below.

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8. Investments (continued)

Associated undertakings

Company name	Class of share held	%	Registered address	Principal activity
Trans Adriatic Pipeline AG	Ordinary	20	Lindenstrasse 2, 6340 Baar, Switzerland	Natural gas transportation

9. Debtors

Amounts falling due within one year:

	2019	2018
	€000	€000
Amounts owed from parent undertakings	143,315	143,775

The amounts owed from parent undertakings is mainly represented by interest free IFA account balance.

10. Creditors

Amounts falling due within one year:

	2019	2018
	€000	€000
Amounts owed to parent undertakings	598	458

Amounts falling after one year:

	2019	2018
	€000	€000
Amounts owed to parent undertakings	4,859	5,452
Total creditors	5,457	5,910

In 2018 the company's investee, TAP, borrowed loans from external banks and BPI on behalf of the company provided the financial guarantees to the lenders of the company's investee that expire in December 2034. The amounts owed to parent undertakings are represented by the fees payable by the company to BPI for those guarantees. The fees are paid annually and based on 8 basis points applied to TAP outstanding loan balance. The first payment had been made on 30 December 2019 for amount of €453,000.

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11. Called up share capital

	2019	2018
	€000	€000
Issued and fully paid:		
439,805,789 (2018 416,671,022) ordinary shares of €1 each for a total nominal value of €439,805,789 (2018 €416,671,022)	439,806	416,671

On 3 May 2019, 5,435,430 ordinary shares of €1 each for a total nominal value of €5,435,430 were allotted to the parent company at par value.

On 15 July 2019, 12,250,696 ordinary shares of €1 each for a total nominal value of €12,250,696 were allotted to the parent company at par value.

On 7 November 2019, 5,448,641 ordinary shares of €1 each for a total nominal value of €5,448,641 were allotted to the parent company at par value.

12. 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 retained profits of the company.

Other reserves
In 2018 the company's investee, TAP, borrowed loans from external banks and BP International Limited on behalf of the company provided the financial guarantees to the lenders of the company's investee. The company recognized in other reserves a capital contribution equal to the fair value of the financial guarantee net of cumulative fees payable by the company to BPI by the end of guarantees expiry in December 2034.

13. 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 apart from equity and loans to associate as disclosed in Note 8.

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14. Post balance sheet events

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

On 15 June 2020 BP issued a press release detailing revised investment appraisal long-term oil and gas price assumptions used in tangible assets impairment testing. The revised long-term price assumptions used to determine recoverable amount based on value-in-use impairment tests are an average of $55/bbl for Brent and $2.90 per MMBtu for Henry Hub for the period of 2021-2050 (in 2020 prices). As a result of the revised long-term price assumptions and a review of the long-term strategic plan, management reviewed BP's exploration prospects and the carrying value of the associated intangible assets. The outcome of the review has resulted in revised judgements over the expectations to extract value from certain prospects. Impairment tests have been performed for the purposes of the BP Plc group financial statements as at 30 June 2020, which is expected to result in an impairment charge to certain oil and gas assets whose product is transported through the pipeline of the company's investment. This in turn could result is a fall in throughput through the pipeline, which could impact the value of the company's investment, however this is not currently expected to result in impairment of the company's investment. These revisions and impairments relate to events and circumstances arising since 31 December 2019 and therefore the impact on BP Pipelines TAP Limited will be included in the financial statements for the year ended 31 December 2020.

After the balance sheet date, 14,962,669 ordinary shares of €1 each for a total nominal value of €14,962,669, were allotted to the immediate parent company at par value.

On 6 February 2020 the company subscribed to 7,400,000 ordinary shares of 1 Swiss Franc each in Trans Adriatic Pipeline AG for cash consideration of €6,919,062. On 2 June 2020 the company subscribed to 8,600,000 ordinary shares of 1 Swiss Franc each in Trans Adriatic Pipeline AG for cash consideration of €8,043,607.

15. Prior year adjustments

Change in accounting policy

Management of the company have decided to change accounting policy from investment at equity accounting method to cost method to more closely align the accounting with the purpose of the entity as a holding company, and the requirements of users of the financial statements.

The investment at cost method implies that fixed asset investments in associates are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

The change in accounting policy is applied retrospectively. Retrospective application means adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

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15. Prior year adjustments (continued)

Change in accounting policy (continued)

The effects of the change in policy are summarised below (before the correction of errors described further below).

Statement of changes in equity

	Called up share capital	Profit and loss account	Total
	€000	€000	€000
Balance at 1 January 2018	377,693	387	378,080
Effect of change in accounting policy for:			
Earnings from associates - after interest and tax for the years 2016-2017	—	4,538	4,538
Other comprehensive income for the years 2016-2017	—	(760)	(760)
Balance at 1 January 2018 – As restated	377,693	4,165	381,858

	2019	2018
	€000	€000
Profit and loss account items affected:		
Earnings from associates - after interest and tax	(7,639)	(2,624)
Earnings from associates - after interest and tax - As restated	—	—
Increase in profit for the financial year	7,639	2,624
Statement of comprehensive income items affected:		
Share of items relating to equity-accounted entities, net of tax	(18,586)	522
Share of items relating to equity-accounted entities, net of tax - As restated	—	—
Increase/(decrease) in comprehensive income for the financial year	18,586	(522)

	2019	2018
	€000	€000
Balance sheet items affected:		
Investments	493,277	496,337
Investments - As restated	525,382	502,217
Increase in net assets	32,105	5,880
Profit and loss account	(25,281)	921
Profit and loss account - As restated	6,824	6,801
Increase in equity	32,105	5,880

15. Prior year adjustments (continued)

Prior period errors

Financial guarantees accounting
During the year, an error was identified in the prior year accounting for financial guarantees. In the 2018 financial statements, the financial guarantee arrangements between the company, BPI, TAP and lenders of TAP had been accounted for as a financial guarantee liability in this company's financial statements. It was subsequently determined that the financial guarantee liability should be recorded in the financial statements of BPI, and that these financial statements should reflect a capital contribution from BPI for the fair value of the financial guarantee, less the fair value of the guarantee fee payable from the company to BPI. As a result, a prior year restatement has been recorded to account for the capital contribution. The guarantee fee payable from the Company to BPI has also been recorded as a prior year restatement, as a liability to BPI and an increase to the investment in TAP.

Impairment
The change of financial guarantees accounting resulted in an impairment test being required as at 31 December 2018. As a result, the net book value of investment was higher than future discounted cash flows by €95,837,000, and such amount was recorded as an impairment charge in 2018 as a prior year restatement. In 2019 the impairment charge has been reversed in full amount due to the change of discount rate, tax rate and interest rate.

The effects of the prior period errors are summarised below:

	2018
	€000
Profit and loss account items affected:	
Impairment of fixed asset investments	—
Impairment of fixed asset investments - As restated	(95,837)
Decrease in profit for the financial year	(95,837)

	2018
	€000
Balance sheet items affected:	
Investments (before impairment)	502,217
Investments - As restated	406,380
Creditors: amounts falling due less than one year	—
Creditors: amounts falling due less than one year - As restated	(458)
Creditors: amounts falling due after more than one year	(222,520)
Creditors: amounts falling due after more than one year - As restated	(5,452)
Increase in net assets	120,773
Other reserves	—
Other reserves - As restated	216,610
Profit and loss account	6,801
Profit and loss account - As restated	(89,036)
Increase in equity	120,773

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16. 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.

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