

BP PIPELINES TAP LIMITED

(Registered No.10027204)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

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 2021.

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



DIRECTORS' REPORT**BP PIPELINES TAP LIMITED****Directors**

The present directors are listed on page 1.

J Freeman, R G Jones and E P Skinner-Reid served as directors throughout the financial year. Changes since 1 January 2021 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
T L Juliussen	14 January 2022	—
E P Skinner-Reid	—	14 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

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

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, as well as the ongoing impact of COVID 19 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.

Although the company has Internal Financing Account Agreement (IFA) and BP Intragroup Long Term Loan Facility Agreement, group funding has not been required since July 2020 as remaining activities of the company's investee, TAP, are forecasted to be financed by the TAP's revenue generated from transportation of gas.

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.

DIRECTORS' REPORT

Going concern (continued)

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; credit risk; and liquidity risk. Further details on these financial risks are included within Note 28 of the bp group Annual Report and Form 20-F for the year ended 31 December 2021.

Liquidity, financial capacity and financial, including credit, exposure

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

Auditors

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

DIRECTORS' REPORT

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

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

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

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

Authorized for issue on behalf of the Board

DocuSigned by:

Jagvi Freeman

D9708EEC9EFF4C5...

J Freeman

Director

10 August 2022

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

**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.

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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

Basis for opinion

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

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, 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.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

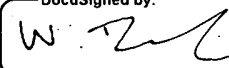
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:

373B88E42FC840E...

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

15 August 2022

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2021****BP PIPELINES TAP LIMITED**

		<u>2021</u>	<u>2020</u>
	Note	€000	€000
Administrative expenses		<u>(18)</u>	<u>(19)</u>
Loss before taxation		(18)	(19)
Tax on profit	4	<u>—</u>	<u>—</u>
Loss for the year		<u>(18)</u>	<u>(19)</u>

The loss of €18 thousand for the year ended 31 December 2021 was derived in its entirety from continuing operations.

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

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

BALANCE SHEET**AS AT 31 DECEMBER 2021****BP PIPELINES TAP LIMITED****(Registered No.10027204)**

		2021	2020
	Note	€000	€000
Fixed assets			
Investments	6	492,705	540,345
Current assets			
Debtors: amounts falling due within one year	7	190,013	142,843
Creditors: amounts falling due within one year	8	(901)	(765)
Net current assets		189,112	142,078
TOTAL ASSETS LESS CURRENT LIABILITIES		681,817	682,423
Creditors: amounts falling due after more than one year	8	(3,651)	(4,239)
NET ASSETS		678,166	678,184
Capital and reserves			
Called up share capital	9	454,769	454,769
Other reserves	10	216,610	216,610
Profit and loss account	10	6,787	6,805
TOTAL EQUITY		678,166	678,184

Authorized for issue on behalf of the Board

DocuSigned by:

Jaqui Freeman

D9708EEC9EFF4C5...

J Freeman

Director

10 August 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

BP PIPELINES TAP LIMITED

	Called up share capital (Note 9) €000	Other reserves (Note 10) €000	Profit and loss account (Note 10) €000	Total €000
Balance at 1 January 2020	439,806	216,610	6,824	663,240
Loss for the year, representing total comprehensive loss for the year	—	—	(19)	(19)
Issue of share capital	14,963	—	—	14,963
Balance at 31 December 2020	454,769	216,610	6,805	678,184
Loss for the year, representing total comprehensive loss for the year	—	—	(18)	(18)
Balance at 31 December 2021	<u>454,769</u>	<u>216,610</u>	<u>6,787</u>	<u>678,166</u>

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

The financial statements of BP Pipelines TAP Limited for the year ended 31 December 2021 were approved by the board of directors on 09/08/2022 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 is the last part of the Southern Gas Corridor (SGC). SGC connects 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 exports gas from Sangachal terminal near Baku, Azerbaijan, through Azerbaijan and Georgia to Georgia-Turkey border. TANAP Pipeline connects with SCPX at Georgia-Turkey border and have two take-off points to deliver gas to BOTAS Petroleum Pipeline Corporation (BOTAS), the state owned company in Turkey. TAP Pipeline continues from Turkey-Greece border through Greece, Albania and ends in Italy. Since TAP Pipeline enhances 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 is 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 TAP Pipeline cost is about €4 billion. The project was financed by shareholders via equity and loan contributions to TAP.

TAP Pipeline's construction phase commenced in 2015 with the pre-construction site preparation work for Albanian infrastructure; the main construction work started in 2016 and lasted 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 started on 15 November 2020 and gas transportation began on 31 December 2020. During the year of 2021 the company transported about 80% of the volume capacity and maintained 100% operating availability throughout the year.

The company's future income stream from TAP is very secure given the 100% ship or pay tariff payment commitment of the shippers.

NOTES TO THE FINANCIAL STATEMENTS

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:
 - (i) 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 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets;
- (h) the requirements of IFRS 7 Financial Instruments: Disclosures; and
- (i) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement.

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

The financial statements are presented in Euros and all values are rounded to the nearest thousand Euros (€000), 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 text below, and should be read in conjunction with the information provided in the Notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Significant accounting policies: use of judgements, estimates and assumptions (continued)

Judgements and estimates made in assessing impairment

For year ended 31 December 2021 an impairment test has been performed using value-in-use methodology for estimation of future dividends cash flows from TAP for the purposes of the wider BP Plc Group reporting. However, no impairment indicators were identified for the purposes of preparing these financial statements. Future cash flows have been discounted based on bp's cost of equity post-tax discount rate of 6%.

Judgements and estimates made in assessing the impact of climate change and the energy transition

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

Significant accounting policies

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The current economic and geopolitical environment, as well as the ongoing impact of COVID 19 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.

Although the company has Internal Financing Account Agreement (IFA) and BP Intragroup Long Term Loan Facility Agreement, group funding has not been required since July 2020 as remaining activities of the company's investee, TAP, are forecasted to be financed by the TAP's revenue generated from transportation of gas.

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.

DTT

NOTES TO THE FINANCIAL STATEMENTS

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

Significant accounting policies (continued)

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.

Impairment of investments

For year ended 31 December 2021 an impairment test has been performed using value-in-use methodology for estimation of future dividends cash flows from TAP for the purposes of the wider BP Plc Group reporting. However, no impairment indicators were identified for the purposes of preparing these financial statements. Future cash flows have been discounted based on bp's cost of equity post-tax discount rate of 6.0%.

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.

DTT

NOTES TO THE FINANCIAL STATEMENTS

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

Significant accounting policies (continued)

Impairment of investments (continued)

For impairment testing the carrying value of investments includes fees payable and capital contributions in respect of financial guarantees from BP International Limited. No provision has been made against the investment carrying value in 2021 and 2020.

Financial assets

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

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

Financial assets measured at amortized cost

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

Impairment of financial assets measured at amortized cost

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

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

Financial liabilities

The measurement of financial liabilities is as follows:

DTT

NOTES TO THE FINANCIAL STATEMENTS

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

Significant accounting policies (continued)

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.

Updates to significant accounting policies

Impact of new International Financial Reporting Standards

bp adopted amendments to IFRS 9 "financial instruments - Interest Rate Benchmark Reform (Phase II)", IFRS 16 "Leases" with effect from 1 January 2021. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the company's financial statements.

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

DTT

NOTES TO THE FINANCIAL STATEMENTS**3. Auditor's remuneration**

	<u>2021</u>	<u>2020</u>
	<u>€000</u>	<u>€000</u>
Fees for the audit of the company	<u>20</u>	<u>20</u>

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.

DTT

NOTES TO THE FINANCIAL STATEMENTS**4. Taxation**

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

(a) Reconciliation of the effective tax rate

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

	2021\	2020
	€000	€000
Loss before tax	(18)	(19)
Tax credit	—	—
Effective tax rate	— %	— %

	2021	2020
	%	%
UK corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Free group relief	(19)	(19)
Effective tax rate	—	—

Change in corporation tax rate

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

5. Directors and employees**(a) Remuneration of directors**

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

(b) Employee costs

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

NOTES TO THE FINANCIAL STATEMENTS**6. Investments**

	Investment in associate
Cost	€000
At 1 January 2020	525,382
Equity contributions in associate	14,963
At 31 December 2020	<u>540,345</u>
At 1 January 2021	540,345
Equity reduction in associate	(47,640)
At 31 December 2021	<u>492,705</u>
Net book amount	
At 31 December 2021	<u>492,705</u>
At 31 December 2020	<u>540,345</u>

The investment in associate is stated at cost less provision for impairment.

The reason for equity reduction is related to the necessity of TAP keeping shareholder funding at 25% equity and 75% senior debt. TAP reduced its share capital to reach 25% and paid the difference to its shareholders as a true up payment.

The investments in the associated undertakings are unlisted.

The associate undertakings of the company at 31 December 2021 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.

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

7. Debtors

Amounts falling due within one year:

	2021	2020
	€000	€000
Amounts owed from parent undertakings	<u>190,013</u>	<u>142,843</u>

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

NOTES TO THE FINANCIAL STATEMENTS**8. Creditors**

Amounts falling due within one year:

	2021	2020
	€000	€000
Amounts owed to parent undertakings	901	765

Amounts falling after one year:

	2021	2020
	€000	€000
Amounts owed to parent undertakings	3,651	4,239
Total creditors	4,552	5,004

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 the TAP outstanding loan balance. The company paid €452,633 in 2021 (2020 €452,647).

9. Called up share capital

	2021	2020
	€000	€000
Issued and fully paid:		
454,768,458 (2020: 454,768,458) ordinary shares of €1 each for a total nominal value of €454,768,458 (2020: €454,768,458)	454,769	454,769

10. Reserves*Called up share capital*

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

Profit and loss account

The balance held on this reserve is the 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.

11. Related party transactions

The company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel. There were no other related party transactions in the year apart from equity and loans to associate as disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

12. Immediate and ultimate controlling parent undertaking

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