BURMAH CASTROL PLC
(Registered No.SC005098)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

Board of Directors: N J C Evans
H McCabe
U Sen

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

STRATEGIC REPORT

Results

The profit for the year after taxation was $1,017,372,000 which, when added to the retained profit brought forward at 1 January 2021 of $118,886,000 gives a total retained profit carried forward at 31 December 2021 of $1,136,258,000.

Principal activities and review of the business

The company's principal activity is that of a holding company of an international group whose principal business is the global marketing and manufacturing of specialised lubricants.

The key financial and other performance indicators during the year were as follows:

	2021	2020	Variance
	$000	$000	%
Operating profit / (loss)	1,017,340	(49,808)	2,143
Profit / (loss) for the year	1,017,372	(48,085)	2,216
Total equity	1,711,283	693,911	147

Operating profit of 2021 contains reversal of impairment of fixed asset investment. Impairment reversal indicator was identified, impairment assessment has been performed and impairments previously recognised have been reversed in current year, resulting $1,054m profit for the year. See Note 9 for further details.

Profit for the year increased mainly due to the investment impairment reversal noted above.

	2021	2020	Variance
	%	%	
Quick ratio*	4	144	(140)

*Quick ratio is defined as current assets (excluding stocks, debtors falling due after one year, derivatives and other financial instruments falling due after one year and deferred tax assets) divided by current liabilities.

Quick ratio decreased from 2020 to 2021 due to purchase of investments out of surplus IFA cash, thus reducing current assets.

Section 172 (1) statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the statement required under section 414CZA of the Companies Act 2006 (the "Act").

Section 172 (1) statement (continued)

During the course of the year the following primary tasks were undertaken by the Board in line with the principal activities of the company:

- Defining and establishing purpose and strategy including, where relevant, having regard to the purpose, strategy, culture and values defined by BP p.l.c.
- Monitoring the potential challenges presented by the ongoing COVID-19 pandemic, having regard to the company's safe and reliable operations.
- Assessing principal and emerging risks relevant to the company.

The table below demonstrates how the Board has discharged their duties under section 172(1):

Section 172(1)	**Overview of performance against section 172(1)**
a. The likely long-term consequences of the decision	When setting and delivering on the company's strategy, the directors have regard to the evolving environment in which the company operates and aims to promote the long term success and sustained economic viability of the company.
b. The interests of the company's employees	The company has no employees.
c. The need to foster the company's business relationships with suppliers, customers and others	During 2021, the directors reiterated their focus on engagement and fostering relationships with key stakeholders, as well as an increased focus on environment, social and governance ("ESG") matters.
d. The impact of the company's operations on the community and the environment	The directors are committed to bp's group wide policies and aims which protect the community, environment and its people.
e. The desirability to maintain the company's reputation for high standards of business conduct	In 2021 bp continued to operate under its sustainability frame launched in 2020, with aims and objectives linked to the UN Sustainable Development Goals. bp's values of safety, respect, excellence, courage and one team define how the bp group, including the company and its Board, conduct business. Furthermore, bp's code of conduct is based upon its values and it sets clear expectations for how bp, the company and the Board operate. The directors of the company continued to adhere, in good faith, to the bp code of conduct during the year to ensure the Board and the company maintain a reputation for high standards of business conduct. bp's code of conduct includes prohibitions on engaging in bribery or corruption in any form, in accordance with bp's group-wide anti-bribery and corruption policy and procedures. During the year, bp continued to engage suppliers and communicate expectations for managing bribery and corruption risk on behalf of bp, where relevant.
f. The need to act fairly between members of the company	The directors aim to balance the needs of various stakeholders when setting and delivering the company's strategy, having regard to long term value creation, including maximising long term shareholder value.

Further information on the bp group policies applicable to the company can be found in BP p.l.c.'s 2021 Annual Report and Form 20-F and the bp Sustainability Report 2021.

Stakeholders engagement

For further details on how the company has engaged with stakeholders, fostered relationships with them and how this has impacted decision making, please refer to the Engagement with Stakeholders Statement found in the Directors' Report.

Section 172 (1) statement (continued)

The company's principal decisions

The company and the bp group have taken the view that a 'principal' decision is one which is material and strategic in nature and would affect the ability of the company to generate or preserve value over the long term.

During the period, the following principal decisions were taken by the company whilst having regard to the company's stakeholders and other relevant factors:

Principal decision	The relevant factors taken into account during the decision making process
The company acquired shares in Castrol Holdings Europe B.V., a bp group entity, in furtherance of a bp group restructuring project and the strategy purpose of the company.	The directors considered the impact of such a decision of the company having regard to its business relationship within the wider bp group and its shareholder as per s172(1) whilst ensuring it conducts business to the highest standards, acting ethically and transparently as guided by bp's values and code of conduct, as per s172(1).

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks. Risk management is integrated into the process of planning and performance management for the bp group.

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the company's strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation. Unless stated otherwise, further details on these risks are included within the risk factors in the strategic report of the bp group Annual Report and Form 20-F for the year ended 31 December 2021.

Strategic and commercial risks

Geopolitical

The company is exposed to a range of political, economic and social developments and consequent changes to the operating and regulatory environment which could cause business disruption. Political instability, changes to the regulatory environment or taxation, international trade disputes and barriers to free trade, international sanctions, expropriation or nationalization of property, civil strife, strikes, insurrections, acts of terrorism, acts of war and public health situations (including the continued impact of the COVID-19 pandemic or any future epidemic or pandemic) may disrupt or curtail our operations, business activities or investments. These may in turn cause production to decline, limit our ability to pursue new opportunities, affect the recoverability of our assets and our related earnings and cash flow or cause us to incur additional costs, particularly due to the long-term nature of many of our projects and significant capital expenditure required.

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.

Digital infrastructure and cybersecurity
Breach or failure of the company's or third parties' digital infrastructure or cyber security, including loss or misuse of sensitive information could damage its operations and reputation or increase costs.

Current geopolitical factors have increased these risks.

Climate change and the transition to a lower carbon economy
Developments in policy, law, regulation, technology and markets including societal and investor sentiment, related to the issue of climate change could increase costs, constrain the company's operations and affect our business plans and financial performance.

Competition
Inability to remain efficient, maintain a high-quality portfolio of assets, innovate and retain access to an appropriately skilled workforce (who may be employed by another bp group company), could negatively impact delivery of the company's strategy in a highly competitive market.

Insurance
The bp group's insurance strategy could expose the bp group to material uninsured losses which in turn could adversely affect the company.

Compliance and control risks

Ethical misconduct and non-compliance
Ethical misconduct or breaches of applicable laws by the company's businesses or its employees could be damaging to its reputation, and could result in litigation, regulatory action and penalties.

Regulation
Changes in the law and regulation could increase costs, constrain the company's operations and affect its business plans and financial performance.

Treasury and treasury trading activities
Ineffective oversight of treasury and trading activities could lead to business disruption, financial loss, regulatory intervention or damage to the company's reputation.

Reporting
Failure to accurately report the company's data could lead to regulatory action, legal liability and reputational damage.

Financial risk management

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

Authorized for issue on behalf of the Board

DocuSigned by:

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Jun-29-2022

N J C Evans
Director

Registered Office:

1 Wellheads Avenue
Dyce
Aberdeen
AB21 7PB
United Kingdom

DIRECTORS' REPORT

BURMAH CASTROL PLC

Directors

The present directors are listed on page 1.

N J C Evans served as a director throughout the financial year. Changes since 1 January 2021 are as follows:

	Appointed	Resigned
H McCabe	16/6/2021	—
U Sen	1/12/2021	—
M J O'Sullivan		7/5/2021

Directors' indemnity

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

Dividends

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

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 6.1) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

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. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see on pages 3-5.

Going concern (continued)

The majority of the transactions of the entity are with other bp group companies (group recharges, group dividend payments and income), and the company is funded via the IFA (intercompany funding account - handled by bp Treasury), hence the company solely relies on other bp group entities in this matter.

In assessing the prospects of Burmah Castrol PLC, 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

Following further review of the intercompany pricing arrangements in the Castrol business it is expected that the company's administrative costs will increase from 2022.

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.

Stakeholder statements

Engagement with other stakeholders

The Board recognises the importance of considering and having regard to key stakeholders and their interests when making decisions. By thoroughly understanding the company's key stakeholder groups, the Board can successfully consider and address the needs of these stakeholders and foster good business relationships with them. The company considers its governments, shareholders, customers, suppliers and communities within the countries it operates.

The Board are committed to doing business ethically and transparently, using bp's values and code of conduct to guide them when engaging and working with business partners. The company's activities, and the decisions of its Board, affect a wide variety of individuals and organisations. The Board engages with its stakeholders, listening to their differing needs and priorities as an everyday part of business, and utilising the feedback received to inform the Board's decision-making.

As noted in the section 172(1) statement within the Strategic Report, responsibility for decisions that impact the entire bp group are taken by the Board of BP p.l.c. On behalf of the company, the bp group is a member of industry associations that offer opportunities to share good practices and collaborate on issues of importance . Additionally, the bp group works with governments on a range of issues that are relevant to its business, from regulatory compliance and understanding tax liabilities, to collaborating on community initiatives.

Regularly engaging with stakeholders is a priority for the company and the below table describes how the Board had regard to the need to foster relationships with the company's key stakeholders, how outcomes were considered and how concerns were identified and addressed during the reporting period. Further details of these decisions, and if applicable any principal decisions in relation to the stakeholders, are discussed in the section 172(1) statement:

Stakeholders	Stakeholders' interests	How we have fostered relationships	How the fostering of relationships impacted decision making
Suppliers	For the company to understand, and where feasible, meet the suppliers' needs and expectations. For the company to provide regular support to the suppliers in order to improve suppliers' systems and avoid defects and/or operational issues where feasible. To be part of a fair and respectful tender and supplier selection process. To be part of a valued supplier relationship centred around ethics and transparency.	The company maintains a number of bp group wide policies to ensure fair treatment of its current and potential suppliers. The bp group also conducts supplier site visits to build relationships and monitor how work is being carried out, ensuring that it meets the suppliers' and the bp group's expectations.	Management and/or, where significant, the Board are provided with updates on renewals and negotiations for existing and/or new supplier agreements. The information received supports effective decision making by the Board when considering the long term consequences on relationships with suppliers. On an exceptional basis, the directors will engage with suppliers through means of the procurement teams in the case of any escalation. bp's supplier site visits are intended to be mutually beneficial in terms of improvement and learning opportunities.
Customers	For the company to provide its customers with top quality services. For the company to build a trusted relationship with its customers. Ensuring the safe execution of products and services provided to its customers and that any claims in relation to the same, are addressed and resolved. Ensuring that customer data is kept in a secure environment and only for the duration and purposes that the data is required for.	The company maintains a number of bp group wide policies to ensure the ongoing security of customer data, safe execution and quality of the products and services and a continued trusted relationship with its customers. On behalf of the company, the bp group also seeks to engage with customers through forums such as social media, focus bp groups and in-depth interviews with customers to better understand customer's needs and seek their feedback.	Management and/or, where significant, the Board are provided with updates on renewals and negotiations for existing and/or new customer contracts. The information received supports effective decision making by the Board when considering the long term consequences on relationships with its customers. By obtaining customer feedback and understanding our customers, it has allowed us to clarify the company's vision for future growth and ways to continually add brand value.

Community and environment	The directors' relationships on behalf of the company with respect to communities are important for all its activities, but particularly for major new projects where its presence may bring about changes in the local areas, such as jobs and support for community development, changes in the physical landscape, changes to the local ecosystem. For the company to deliver high quality products and services in an energy efficient and environmentally responsible manner. To conduct business in a manner to minimise negative impact on the surrounding area and be respectful and conscientious of the environment. To take into account the interest of the local community when considering future investments and business decisions.	The company maintains a number of bp' group wide policies to promote sustainable and environmentally friendly business and operational practises. The directors engage with local communities through public consultations and meetings with local representatives and complete impact assessments where relevant. The directors also consult with NGOs, academics and industry associations, drawing on their external expertise, input and challenge.	Management and/or, where significant, the Board are provided with updates on the environmental impact of the company's business operations. The information received supports effective decision making by the Board when considering the long term consequences on the environment and local communities. By following and implementing the bp group wide sustainability policy, the company has been able to measure and manage its impact on the community and environment in which it operates.

Shareholder	The company is 100% owned by BP p.l.c. The company is committed to maximising long term shareholder value, in whatever form, when taking its decisions.	bp group functions, across Tax, Treasury and Finance, in conjunction with senior management, make recommendations to declare dividends, where relevant, via a thorough feasibility analysis process as part of its System of Internal Control, ensuring the appropriate amount of dividend and associated impact are duly considered. The company reports to its shareholder on a regular basis in the form of its financial statements and, where applicable, its business, strategic plans and key risks.	One of the company's strategic aims is to pursue strategic growth to maximise long term value for its shareholder. The company's compliance with the bp group's System of Internal Control assists the Board when considering whether to declare dividends, the amount of dividend and any associated impact. Specifically, the Board will review relevant internal functional assurance advice notes when considering the declaration of a dividend to its shareholder.
Government/ Regulators	For the company to create valued relationships with Government/Regulators centred around ethics and transparency, and discuss relevant regulations and guidance where necessary.	The company keeps the Government/Regulators informed of any significant changes to the company.	Management and/or, where significant, the Board are provided with updates on changes in regulation and/or legislation impacting the company. The information received supports effective decision making by the Board when considering the company's compliance with said regulations and/or legislation. The company continually engages with local government bodies and/or regulators to ensure it is conducting itself in accordance with relevant laws/ regulation to ensure its good standing, trust and respect in society and longevity.

DIRECTORS' REPORT

Streamlined Energy & Carbon Reporting (SECR)

As a UK subsidiary of a UK parent company which prepares a group directors' report, SECR reporting details are included in the strategic report of the bp group Annual Report and Form 20-F for the year ended 31 December 2021.

Auditors

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

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

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

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the company's auditor is unaware; and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

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

Authorized for issue on behalf of the Board

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Jun-29-2022

N J C Evans
Director

Registered Office:

1 Wellheads Avenue
Dyce
Aberdeen
AB21 7PB
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BURMAH CASTROL PLC

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 BURMAH CASTROL PLC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Burmah Castrol PLC (the company):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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

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 the UK Companies Act and tax legislation.
- 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 void 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, internal audit and external 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or 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;

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:
Giles Murphy Jun-29-2022
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Giles Murphy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP, Statutory Auditor
London, United Kingdom

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

BURMAH CASTROL PLC

	Note	2021 $000	2020 $000
Dividend income		—	—
Administrative expenses		(36,757)	(49,808)
Reversal of impairment of fixed asset investments	9	1,054,097	—
Operating profit / (loss)	4	1,017,340	(49,808)
Interest receivable and similar income	6	32	1,723
Interest payable and similar expenses		—	—
Profit / (loss) before taxation		1,017,372	(48,085)
Tax on profit / (loss)	7	—	—
Profit / (loss) for the financial year		1,017,372	(48,085)

The profit of $1,017,372,000 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

BURMAH CASTROL PLC

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

BALANCE SHEET

AS AT 31 DECEMBER 2021

BURMAH CASTROL PLC
(Registered No.SC005098)

	Note	2021 $000	2020 $000
Fixed assets			
Investments	9	1,768,288	675,482
Current assets			
Debtors – amounts falling due within one year	10	1,814	76,584
Cash at bank and in hand		532	536
		2,346	77,120
Creditors: amounts falling due within one year	11	(57,238)	(53,628)
Net current (liabilities) / assets		(54,892)	23,492
TOTAL ASSETS LESS CURRENT LIABILITIES		1,713,396	698,974
Creditors: amounts falling due after more than one year	11	(545)	(536)
Provisions for liabilities and charges			
Other provisions	12	(1,568)	(4,527)
NET ASSETS		1,711,283	693,911
Capital and reserves			
Called up share capital	13	113,923	113,923
Share premium account	14	191,310	191,310
Profit and loss account	14	1,136,258	118,886
Capital redemption reserve	14	269,792	269,792
TOTAL EQUITY		1,711,283	693,911

Authorized for issue on behalf of the Board

DocuSigned by:

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Jun-29-2022

N J C Evans
Director

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

BURMAH CASTROL PLC

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	(Note 13)	(Note 14)	(Note 14)	(Note 14)	
	$000	$000	$000	$000	$000
Balance at 1 January 2020	113,923	191,310	269,792	167,313	742,338
Loss for the year	—	—	—	(48,085)	(48,085)
Distribution of investments	—	—	—	(342)	(342)
Balance at 31 December 2020	113,923	191,310	269,792	118,886	693,911
Balance at 1 January 2021	113,923	191,310	269,792	118,886	693,911
Profit for the year	—	—	—	1,017,372	1,017,372
Balance at 31 December 2021	113,923	191,310	269,792	1,136,258	1,711,283

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

The financial statements of Burmah Castrol PLC for the year ended 31 December 2021 were approved by the board of directors on 29 June 2022 and the balance sheet was signed on the board's behalf by N J C Evans. Burmah Castrol PLC is a public limited company incorporated, domiciled and registered in Scotland (registered number SC005098). The company's registered office is at 1 Wellheads Avenue, Dyce, Aberdeen, AB21 7PB, United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

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.

These financial statements are separate financial statements. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group financial statements of BP p.l.c. Details of the parent in whose consolidated financial statements the company is included are shown in Note 16 to the financial statements.

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 paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;

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

Basis of preparation (continued)

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

The financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars ($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 boxed text below, and should be read in conjunction with the information provided in the Notes to the financial statements.

The areas requiring the most significant judgement and estimation in the preparation of the financial statements are: the recoverability of asset carrying values; and provisions and contingencies.

Judgements and estimates, not all of which are significant, made in assessing the impact of the COVID-19 pandemic, and climate change and the energy transition on the financial statements are also set out in boxed text below. Where an estimate has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year this is specifically noted within the boxed text.

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.

Judgements and estimates made in assessing the impact of the COVID-19 pandemic and the economic environment

In preparing the financial statements, the following areas involving judgement and estimates were identified as most relevant with regards to the impact of the COVID-19 pandemic and current economic environment.

Going concern

Forecast liquidity for the bp group has been assessed under a number of stressed scenarios and a reverse stress test was performed to support the going concern assertion. No material uncertainties over going concern or significant judgements or estimates in the assessment were identified.

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.

Going concern (continued)

Liquidity and financing is managed within the bp group under pooled group-wide arrangements which include the company. As part of the going concern basis of preparation for the company, the ability and intent of the bp group to support the company has also been taken into consideration. The most recent bp group financial statements continue to be prepared on a going concern basis. Forecast liquidity of the bp group has been assessed under a number of stressed scenarios, including a significant decline in oil prices over the 12-month period from the date these financial statements were approved. Reverse stress tests performed indicated that the bp group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements even if the Brent price fell to zero. In addition, bp group management have confirmed the existing intra-group funding and liquidity arrangements as currently constituted are expected to be maintained for the foreseeable future, being no less than twelve months from the approval of these financial statements. No material uncertainties over going concern or significant judgements or estimates on the assessment were identified. Accordingly, the company will be able to draw on support from the bp group for the foreseeable future and these financial statements have therefore been prepared on a going concern basis. For further information on financial risk factors, including credit risk and liquidity risk, see pages 3-5.

The majority of the transactions of the entity are with other bp group companies (group recharges, group dividend payments and income), and the company is funded via the IFA (intercompany funding account - handled by bp Treasury), hence the company solely relies on other bp group entities in this matter.

In assessing the prospects of Burmah Castrol PLC, 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.

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

Foreign currency

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

As the company is considered to be an intermediate holding company, and therefore an extension of its parent company, its functional currency is the same as its parent company.

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

Fixed asset investments in subsidiaries 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.

All other fixed asset investments are stated in the financial statements at cost less provisions for impairment.

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.

See Note 9 for details of the assumptions used.

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

Impairment of intangible and tangible assets

The company assesses assets or groups of assets, called cash-generating units (CGUs) for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, for example, changes in the company's business plans. If any such indication of impairment exists, the company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.
An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. If it is probable that the value of the CGU will primarily be recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

The business segment plans, which are approved on an annual basis by senior management, are the primary source of information for the determination of value in use. They contain forecasts for oil and natural gas production, refinery throughputs, sales volumes for various types of refined products (e.g. gasoline and lubricants), revenues, costs and capital expenditure. Carbon taxes and costs of emissions allowances are also included in estimates of future cash flows, based on the regulatory environment in each jurisdiction in which the group operates. As an initial step in the preparation of these plans, various assumptions regarding market conditions, such as oil prices, natural gas prices, refining margins, refined product margins and cost inflation rates are set by senior management. These assumptions take account of existing prices, global supply-demand equilibrium for oil and natural gas, other macroeconomic factors and historical trends and variability.
In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group that are not reflected in the discount rate and are discounted to their present value typically using a pre-tax discount rate that reflects current market assessments of the time value of money.

Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.
In limited circumstances where recent market transactions are not available for reference, discounted cash flow techniques are applied. Where discounted cash flow analyses are used to calculate fair value less costs of disposal, estimates are made about the assumptions market participants would use when pricing the asset, CGU or group of CGUs containing goodwill and the test is performed on a post-tax basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

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

Discount rates

For discounted cash flow calculations, future cash flows are adjusted for risks specific to the CGU. Value-in-use calculations are typically discounted using a pre-tax discount rate based upon the cost of funding the bp group derived from an established model, adjusted to a pre-tax basis and incorporating a market participant capital structure and country risk premiums. Fair value less costs of disposal calculations use the post-tax discount rate.

The discount rates applied in impairment tests are reassessed each year and in 2021 the post-tax discount rate used was 6% (2020 6%), while the pre-tax discount rate was 7% (2020 7%) for UK companies.

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 amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognized or impaired and when interest is recognized using the effective interest method. 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.

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 using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest receivable and similar income and interest payable and similar charges. This category of financial liabilities includes trade and other payables and finance debt.

Offsetting of financial assets and liabilities

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

Provisions and contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect the risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized in the profit and loss account. Provisions are discounted using a nominal discount rate of 2.0% (2020 2.5%).

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the financial statements but are disclosed, if material, unless the possibility of an outflow of economic resources is considered remote.

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

Taxation

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

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

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

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

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

Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. An exception is where the deferred tax asset relates to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductive temporary differences.

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

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

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

Taxation (continued)

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

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

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

Interest income

Interest income is recognized as the interest accrues using the effective interest rate – that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income

Dividend income from investments is recognized when the shareholders' right to receive the payment is established.

Finance costs

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

Dividends payable

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

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

Updates to significant accounting policies

Impact of new International Financial Reporting Standards

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

'Interest Rate Benchmark Reform – Phase II'

The replacement of key interest rate benchmarks such as the London Inter-bank Offered Rate (LIBOR) with alternative benchmarks in the US, UK, EU and other territories occurred at the end of 2021 for most benchmarks with remaining USD LIBOR tenors expected to cease in 2023. The bp group is primarily exposed to 3 month USD LIBOR that will be available until June 2023.

Amendments to IFRS 9, IFRS 16 and other IFRSs were issued by the IASB in August 2020 to provide practical expedients and reliefs when changes are made to contractual cash flows or hedging relationships because of the transition from Inter-bank Offered Rates to alternative risk-free rates. bp adopted these amendments from 1 January 2021 and they were applied prospectively from that date.

bp has an internal working group on interest rate benchmark reform to monitor market developments and manage the transition to alternative benchmark rates. The impacts on contracts and arrangements that are linked to interest rate benchmarks, for example, borrowings, leases and derivative contracts, have been assessed and transition plans have either been executed or are being developed. bp is also participating on external committees and task forces dedicated to interest rate benchmark reform.

3. Turnover

An analysis of the company's turnover is as follows:

	2021	2020
	$000	$000
Interest receivable and similar income (Note 6)	32	1,723
Dividend income	—	—
	32	1,723

4. Operating profit

This is stated after charging / (crediting):

	2021	2020
	$000	$000
Reversal of impairment of investments	(1,054,097)	—
Stranded cost recharges	38,243	47,935
Net foreign exchange (gains) / losses	(2,531)	1,052
Other taxes	1,045	—
Legal fees	—	820
Bank charges	—	1

NOTES TO THE FINANCIAL STATEMENTS

5. Auditor's remuneration

	2021	2020
	$000	$000
Fees for the audit of the company	32	22

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 Burmah Castrol PLC's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.

6. Interest receivable and similar income

	2021	2020
	$000	$000
Interest income from amounts owed by group undertakings	32	1,723
Total interest receivable and similar income	32	1,723

7. 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 2021 (2020: 19%). The differences are reconciled below:

	2021	2020
	$000	$000
Profit / (loss) before taxation	1,017,372	(48,085)
Tax charge / (credit)	—	—
Effective tax rate	— %	— %

	2021	2020
	%	%
UK statutory corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Non-deductible expenditure / (non-taxable income)	(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.

7. Taxation (continued)

(b) Provision for deferred tax

Deferred tax has not been recognised on deductible temporary differences of $289,530,776 (2020: $291,890,265) relating to capital losses with no fixed expiry date on the basis that they are UK tax attributes that are not expected to give rise to any future tax benefit.

8. 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).

9. Investments

	Investment in subsidiaries	Total
Cost	$000	$000
At 1 January 2020	1,407,361	1,407,361
Additions	322,560	322,560
Distributions of investment	(342)	(342)
At 31 December 2020	1,729,579	1,729,579
At 1 January 2021	1,729,579	1,729,579
Additions	38,709	38,709
At 31 December 2021	1,768,288	1,768,288
Impairment losses		
At 1 January 2020	(1,054,097)	(1,054,097)
At 31 December 2020	(1,054,097)	(1,054,097)
At 1 January 2021	(1,054,097)	(1,054,097)
Charge for the year	—	—
Reversal	1,054,097	1,054,097
At 31 December 2021	—	—
Net book amount		
At 31 December 2021	1,768,288	1,768,288
At 31 December 2020	675,482	675,482

The investments in subsidiaries are all stated at cost less provision for impairment. After performing the investment assessment for the year, it was concluded that no impairment should be charged in connection with any of the investees, while an impairment reversal of $1,054m can be accounted for in 2021.

The investments in the subsidiary undertakings are unlisted.

9. Investments (continued)

The subsidiary undertakings of the company at 31 December 2021 and the percentage of equity capital held are set out below are the all the investments of the company. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

The investment addition of $39m relates to the additional investment in Castrol Holdings Europe B.V. This decision was aligned with the reinvention of bp, as the aim of Project LESS is verticalising the lubricants business under Burmah Castrol PLC.

The impairment reversal of $1,054m relates to the company's investment in Lubricants UK Limited. It arose mainly as a result of the intercompany pricing arrangement as per the new Castrol Operating Model with effect from 01 January 2021.
The investment's recoverable amount was estimated at $3,800m based on its latest value in use assessment. This was well in excess of the investment's carrying value of $157m as at 31 December 2020 and therefore the previous years' impairment of $1,054m was fully reversed.

The recoverable amount is based on a 10-year (2022-2031) discounted cash flow model and a terminal value calculation for 2032 and onwards.

Different sensitivity scenarios were also computed for the value in use calculation. The objective of the sensitivity analysis is to test whether a reasonably possible change to a key assumption on which management has based its determination of recoverable amount would cause the carrying amount to exceed its recoverable amount.
Management considers intercompany pricing arrangement, discount rates and terminal value contribution to be the key sources of estimation uncertainty in determining the recoverable amount of the investment.

Key elements for determining recoverable amount are the following:

1. Intercompany pricing arrangement income: if the growth rate reduces by 13% point, the recoverable amount will reduce from base case $3,800m to $1,273m, resulting in a non-material but positive headroom.
2. Discount rate: a 5% point increase from the base case 7% discount rate will reduce the recoverable amount from base case $3,800m to $1,432m, still resulting in a marginal headroom.
3. Terminal Value: if the Terminal Value is disregarded, the recoverable amount would reduce from base case $3,800m to $1,271m and there would be non-material but positive headroom.

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

9. Investments (continued)

Subsidiary undertakings

Company name	Class of share held	%	Registered address	Principal activity
Lubricants UK Limited	Ordinary shares	100	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom	Blending and marketing, management services
Castrol Limited	Ordinary shares	100	Technology Centre, Whitchurch Hill, Pangbourne, Reading, RG8 7QR, United Kingdom	Holding Company
Castrol Holdings Europe B.V.	Ordinary shares	100	d'Arcyweg 76 3198 NA Europoort Rotterdam Netherlands	Holding Company
Castrol Holdings Americas Limited	Ordinary shares	100	Chertsey Road Sunbury on Thames Middlesex TW16 7BP United Kingdom	Holding Company
Castrol Holdings International Limited	Ordinary shares	100	Chertsey Road Sunbury on Thames Middlesex TW16 7BP United Kingdom	Holding Company
The Burmah Oil Company (Pakistan Trading) Limited	Ordinary shares	100	1 Wellheads Avenue Dyce Aberdeen AB21 7PB	No longer trading, residual administrative expenses

10. Debtors

Amounts falling due within one year:

	2021	2020
	$000	$000
Amounts owed from fellow subsidiaries	205	72,050
Other debtors	1,609	4,534
Total debtors	1,814	76,584

Other debtors comprise a group receivable of $1.6m (2020 $4.5m) as indemnity asset against BP Global Investments Limited for any payments that Burmah Castrol PLC is obligated in regard to asbestos provision.

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11. Creditors

Amounts falling due within one year:

	2021	2020
	$000	$000
Amounts owed to fellow subsidiaries	57,238	49,094
Other creditors	—	4,534
	57,238	53,628

Amounts falling due after one year:

	2021	2020
	$000	$000
Other creditors	545	536
	545	536
Total creditors	57,783	54,164

The amounts owed to fellow subsidiaries comprise a variable rate funding account of $17m (2020 $72m receivable). Interest is accrued on a monthly basis based on USD 1 month LIBOR. Whilst IFA (Internal Financing Account) are legally repayable on demand, in practice they have no termination date.
The amounts owed to fellow subsidiaries also comprise current group liability against Lubricants UK Limited in amount of $33m and against BP UK Retained Holdings in amount of $1.6m (2020 $4.5m - included in other creditors).
Other creditors balance contain non-current loan notes of $0.5m.

12. Other provisions

	Total
	$000
At 1 January 2021	4,527
Exchange adjustments	7
Utilization	(2,966)
At 31 December 2021	1,568

Provisions are in respect of asbestos related toxic tort claims in France faced by a former subsidiary of the company (Foseco Expandite Limited). The company has been indemnified by BP Global Investments Limited for amounts arising under this liability, and the company has accordingly recognised an associated indemnity asset (see Note 10).

For information on significant judgements and estimates made in relation to provisions, see Provisions within Note 2.

13. Called up share capital

	2021	2020
	$000	$000
Issued and fully paid:		
178,969,183 Ordinary shares of £0.42 each for a total nominal value of £75,167,057	113,923	113,923
	113,923	113,923

14. 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.

Share premium account
The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary shares.

Profit and loss account
The balance held on this reserve is the retained profits of the company.

Capital redemption reserve
The capital redemption reserve represents amounts which are transferred following the redemption or purchase of the company's own shares.

In 2021 no dividend was paid during the year (2020: Nil). The dividend per share was $0.00 (2020 $0.00).

15. 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.

16. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP p.l.c., 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.