

**BP OIL VENEZUELA LIMITED**  
**(Registered No.01858781)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**

Board of Directors: P J Mather  
T M Thornton

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2018.

**STRATEGIC REPORT**

**Results**

The profit for the year after taxation was \$493,548 which, when deducted from the accumulated loss brought forward at 1 January 2018 of \$168,525,002, gives a total accumulated loss carried forward at 31 December 2018 of \$168,031,454.

**Principal activity and review of the business**

The company's principal activity is managing the administrative operations in Venezuela.

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

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
	\$	\$	%
Operating profit / (loss)	219,139	(97,874)	(324)
Profit / (loss) for the year	493,548	(86,890)	(668)
Total equity	29,130,634	28,637,086	2

The profit for the year is mainly contributed by higher interest income earned from Internal Finance Account (IFA) as a result of higher average interest rate in comparison to 2017 (average rate 2018 2.01%; average rate 2017 1.16%).

**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 2018.

**Strategic and commercial risks**

***Geopolitical***

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment.



## **STRATEGIC REPORT**

### **Strategic and commercial risks (continued)**

#### ***The impact of the UK's exit from the EU***

Following the referendum in 2016, BP has been assessing the potential impact of Brexit on group companies. BP has been preparing for different scenarios for the UK's exit from the EU but does not believe any of these scenarios will pose a significant risk to the business. The BP board's geopolitical committee discussed this, most recently in May 2019. BP continues to monitor developments in this area in line with group risk management processes and procedures.

#### ***Liquidity, financial capacity and financial, including credit, exposure***

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

#### ***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**

#### ***Regulation***

Changes in the regulatory and legislative environment could increase the cost of compliance.

#### ***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.

#### ***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 29 of the BP group Annual Report and Form 20-F for the year ended 31 December 2018.

Authorized for issue by Order of the Board

DocuSigned by:

Melissa Atkinson

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For and on behalf of

Sunbury Secretaries Limited

Company Secretary

September 27, 2019

Registered Office:

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

## **DIRECTORS' REPORT**

### **BP OIL VENEZUELA LIMITED**

#### **Directors**

The present directors are listed on page 1.

There have been no director appointments or resignations since 1 January 2018.

#### **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 (2017 \$Nil). The directors do not propose the payment of a 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 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

#### **Future developments**

Following the cessation of the purchase and sale of petroleum products, the directors believe that the company should continue operating for the foreseeable future as it is well placed to resume that part of the business or to otherwise recover compensation or value should the operating environment in Venezuela change.

## **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.

Authorized for issue by Order of the Board

DocuSigned by:

*Melissa Atkinson*

4AC705258BB34F4...

For and on behalf of  
Sunbury Secretaries Limited  
Company Secretary

September 27, 2019

Registered Office:

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

**BP OIL VENEZUELA LIMITED**

The directors are responsible for preparing the Strategic Report, the Directors' 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 and, 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, continue to adopt the going concern basis in preparing the financial statements.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BP OIL VENEZUELA LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of BP Oil Venezuela Limited (the company):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

##### **Basis for opinion**

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

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

##### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

##### **Other information**

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

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

We have nothing to report in respect of these matters.

## **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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:

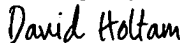
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law 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:

David Holtam

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David Holtam (Senior Statutory Auditor)

for and on behalf of Deloitte LLP Statutory Auditor

London, United Kingdom  
September 27, 2019

**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2018****BP OIL VENEZUELA LIMITED**

		2018	2017
	Note	\$	\$
Administrative expenses		(113,295)	(126,888)
Other operating income		331,423	29,014
Profit on disposal of fixed assets		1,011	—
<b>Operating profit / (loss)</b>	<b>3</b>	<b>219,139</b>	<b>(97,874)</b>
Interest receivable and similar income	<b>5</b>	773,741	421,789
Interest payable and similar expenses	<b>6</b>	(499,332)	(410,805)
<b>Profit / (loss) before taxation</b>		<b>493,548</b>	<b>(86,890)</b>
Tax on profit / (loss)	<b>7</b>	—	—
<b>Profit / (loss) for the year</b>		<b>493,548</b>	<b>(86,890)</b>

The profit of \$493,548 for the year ended 31 December 2018 was derived in its entirety from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2018**

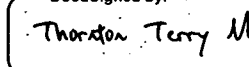
There is no comprehensive income attributable to the shareholders of the company other than the profit for the year.



**BALANCE SHEET****AS AT 31 DECEMBER 2018****BP OIL VENEZUELA LIMITED****(Registered No.01858781)**

	Note	2018 \$	2017 \$
<b>Fixed assets</b>			
Intangible assets	9	—	—
Tangible assets	10	—	—
		—	—
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	29,166,459	29,033,338
Cash at bank and in hand		1,878	17,353
		<u>29,168,337</u>	<u>29,050,691</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(37,703)</u>	<u>(413,605)</u>
<b>Net current assets</b>		<u>29,130,634</u>	<u>28,637,086</u>
<b>NET ASSETS</b>		<u>29,130,634</u>	<u>28,637,086</u>
<b>Capital and reserves</b>			
Called up share capital	13	197,113,555	197,113,555
Other reserves	14	48,533	48,533
Profit and loss account	14	(168,031,454)	(168,525,002)
<b>TOTAL EQUITY</b>		<u>29,130,634</u>	<u>28,637,086</u>

Authorized for issue on behalf of the Board

DocuSigned by:  
  
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 T M Thornton  
 Director  
 September 27, 2019

**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2018****BP OIL VENEZUELA LIMITED**

	Called up share capital (Note 13)	Other reserves (Note 14)	Profit and loss account (Note 14)	Total
	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	197,113,555	48,533	(168,438,112)	28,723,976
Loss for the year, representing total comprehensive income	—	—	(86,890)	(86,890)
<b>Balance at 31 December 2017</b>	197,113,555	48,533	(168,525,002)	28,637,086
Profit for the year, representing total comprehensive income	—	—	493,548	493,548
<b>Balance at 31 December 2018</b>	<u>197,113,555</u>	<u>48,533</u>	<u>(168,031,454)</u>	<u>29,130,634</u>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2018****BP OIL VENEZUELA 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 Oil Venezuela Limited for the year ended 31 December 2018 were approved by the board of directors on 27 Sept 2019 and the balance sheet was signed on the board's behalf by T M Thornton. BP Oil Venezuela Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 01858781). 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.

**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.

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

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures
- (b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement
- (c) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- (d) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of
  - (i) paragraph 79(a)(iv) of IAS 1
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets
- (e) the requirements of IAS 7 Statement of Cash Flows
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective
- (g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- (h) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **Critical 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 critical judgements and estimates that could have a significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the Notes to the financial statements.

#### ***Significant judgement: deferred tax***

Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Details of deferred tax balances are provided in Note 7.

#### **Significant accounting policies**

##### **Going concern**

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

##### **Foreign currency**

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

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

##### **Intangible assets**

Intangible assets, include the use and branding of certain sites, are stated at the amount initially recognized, less accumulated amortisation and accumulated impairment losses.

Intangible assets are carried initially at cost unless acquired as part of a business combination. Any such asset is measured at fair value at the date of the business combination and is recognized separately from goodwill if the asset is separable or arises from contractual or other legal rights.

Intangible assets with a finite life are amortized on a straight-line basis over their expected useful lives. For patents, licences and trademarks, expected useful life is the shorter of the duration of the legal agreement and economic useful life, and can range from three to fifteen years. Computer software costs generally have a useful life of three to five years.

## **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **Tangible assets**

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, directly-attributable finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within tangible assets.

Tangible assets are depreciated on a straight-line basis over their expected useful lives. The typical useful lives of the company's tangible assets are as follows:

#### **Land and buildings**

Land improvements 15 to 25 years

#### **Plant and machinery**

Refineries 20 to 30 years

Petrochemicals plants 20 to 30 years

Pipelines 10 to 50 years

#### **Fixtures and fittings**

Fixtures and fittings 5 to 15 years

An item of tangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the period in which the item is derecognized.

#### **Impairment of intangible and tangible assets**

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. 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. 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. 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.

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, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **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 financial asset is transferred to a third party. This includes the derecognition of receivables for which discounting arrangements are entered into.

From 1 January 2018, 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. Since this is typically less than 12 months, there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the company's in-scope financial assets. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the company expects to receive, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the profit and loss account.

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

#### **Financial liabilities**

The measurement of financial liabilities is as follows:

#### ***Financial liabilities measured at amortized cost***

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **Offsetting of financial assets and liabilities**

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

#### **Taxation**

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

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

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

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

- Where the deferred tax liability arises on the initial recognition of 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 and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.
- 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 and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

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.

## **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **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 using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

#### **Interest income**

Interest income is recognized as the interest accrues.

#### **Finance costs**

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

#### **Impact of new International Financial Reporting Standards**

The company adopted two new accounting standards issued by the IASB with effect from 1 January 2018, IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers'. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the financial statements.

The adoption of IFRS 9 and IFRS 15 has had no material impact on the company's financial statements.

### **3. Operating loss**

This is stated after charging / (crediting):

	2018	2017
	\$	\$
Net foreign exchange (gains) / losses	(17,759)	41,821

### **4. Auditor's remuneration**

	2018	2017
	\$	\$
Fees for the audit of the company	12,800	18,671

Fees paid to the company's auditor, Deloitte LLP (2017 Ernst & Young 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 Oil Venezuela Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

The fees were borne by another group company.



**NOTES TO THE FINANCIAL STATEMENTS****5. Interest receivable and similar income**

	2018	2017
	\$	\$
Interest income from amounts owed by group undertakings	773,741	421,789

**6. Interest payable and similar expenses**

	2018	2017
	\$	\$
Interest expense on loans from group undertakings	499,332	410,805

**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 2018 (2017 19.25%). The differences are reconciled below:

	2018	2017
	\$	\$
Profit / (loss) before taxation	493,548	(86,890)
Tax charge / (credit)	—	—
Effective tax rate	—%	—%
	2018	2017
	%	%
UK statutory corporation tax rate:	19	19.25
Increase / (decrease) resulting from:		
Free group relief	(11)	(8.25)
Movements in unrecognised deferred tax	(8)	(11.00)
Effective tax rate	—	—

**Change in corporation tax rate**

The UK corporation tax rate reduced to 19% with effect from 1 April 2017, and will further reduce to 17% from 1 April 2020. Deferred tax has been measured using these rates, which have been substantively enacted at 31 December 2018.

**(b) Provision for deferred tax**

Deferred tax has not been recognized on deductible temporary differences relating to tax losses of \$8,900,665 (2017 \$9,102,666) with no fixed expiry date on the basis that they are not expected to give rise to any future tax benefit.

**NOTES TO THE FINANCIAL STATEMENTS****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 (2017 \$Nil).

**(b) Employee costs**

The company had no employees during the year (2017 None).

**9. Intangible assets**

	<u>Other intangibles</u>
<b>Cost</b>	<u>\$</u>
At 1 January 2018	55,124,574
At 31 December 2018	<u>55,124,574</u>
<b>Amortisation</b>	
At 1 January 2018	55,124,574
At 31 December 2018	<u>55,124,574</u>
<b>Net book value</b>	
At 31 December 2018	<u>—</u>
At 31 December 2017	<u>—</u>

**10. Tangible assets**

	<u>Land &amp; buildings</u>	<u>Fixtures &amp; fittings</u>	<u>Plant &amp; machinery</u>	<u>Total</u>
<b>Cost</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
At 1 January 2018	19,814,469	490,594	33,998,482	54,303,545
Disposals	—	—	(15,784)	(15,784)
At 31 December 2018	<u>19,814,469</u>	<u>490,594</u>	<u>33,982,698</u>	<u>54,287,761</u>
<b>Depreciation</b>				
At 1 January 2018	19,814,469	490,594	33,998,482	54,303,545
Disposals	—	—	(15,784)	(15,784)
At 31 December 2018	<u>19,814,469</u>	<u>490,594</u>	<u>33,982,698</u>	<u>54,287,761</u>
<b>Net book value</b>				
At 31 December 2018	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2017	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**NOTES TO THE FINANCIAL STATEMENTS****11. Debtors**

Amounts falling due within one year:

	2018	2017
	\$	\$
Amounts owed from parent undertakings	29,149,158	29,021,191
Amounts owed from fellow subsidiaries	16,188	—
Other debtors	1,113	12,147
	<u>29,166,459</u>	<u>29,033,338</u>

**12. Creditors**

Amounts falling due within one year:

	2018	2017
	\$	\$
Other creditors	26,903	27,327
Accruals and deferred income	10,800	386,278
	<u>37,703</u>	<u>413,605</u>

**13. Called up share capital**

	2018	2017
	\$	\$
Issued and fully paid:		
107,914,247 ordinary shares of £1 each for a total nominal value of £107,914,247	<u>197,113,555</u>	<u>197,113,555</u>

**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.

*Profit and loss account*

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

*Other reserves*

The other reserves record share based payment transactions.

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





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Deloitte LLP  
Hill House  
1 Little New Street  
London  
EC4A 3TR

Date: September 27, 2019

**FAO: David Holtam**

Re: Audit of Financial Statements of BP Oil Venezuela Limited for the year ended 31 December 2018

Dear David,

This representation letter is provided in connection with your audit of the financial statements of BP Oil Venezuela Limited for the year ended 31 December 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of BP Oil Venezuela Limited as of 31 December 2018 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the applicable accounting framework and the Companies Act 2006. We are aware that under Section 501 of the Companies Act 2006, it is an offence to mislead a company auditor.

We confirm, to the best of our knowledge and belief, the following representations.

*Financial statements*

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 101 "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006 which give a true and fair view, as set out in the terms of the audit engagement letter dated 11 December 2018.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures", taking into account the disclosure exemptions applied under FRS 101.

4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of, or disclosure have been adjusted or disclosed.
5. No uncorrected misstatements and disclosure deficiencies have been identified.
6. Following the cessation of trading activities, the directors will further assess the future direction of the company. At present it is the intention of the directors that the business of the company will continue for the foreseeable future.
7. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the company's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to liquidate the company or cease trading as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

*Information provided*

8. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter and required by sections 499 and 500 of the Companies Act 2006.
9. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
10. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We are not aware of any fraud or suspected fraud that affects the company and involves:
  - (i) management;
  - (ii) employees who have significant roles in internal control; or
  - (iii) others where the fraud could have a material effect on the financial statements.
13. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.

14. We have disclosed to you the identity of the company's related parties and all the related party relationships and transactions of which we are aware.
15. We confirm that we have disclosed to the company all matters as may be necessary for the purpose of making the directors' remuneration disclosures required by the Companies Act 2006.
16. We have disclosed to you any litigation that the company has been involved in during the year, or that remains outstanding, that could have a material effect on the financial statements. Any cases that could have a material effect on the financial statements have been disclosed in the financial statements.
17. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
18. Where we have taken advantage of any of the disclosure exemptions in FRS 101 "Reduced Disclosure Framework" which are dependent on equivalent disclosures having been made in BP plc's consolidated financial statements, we have checked that such disclosures have been made.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

DocuSigned by:

Thorsten Terry M

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Signed on behalf of the Board of Directors