

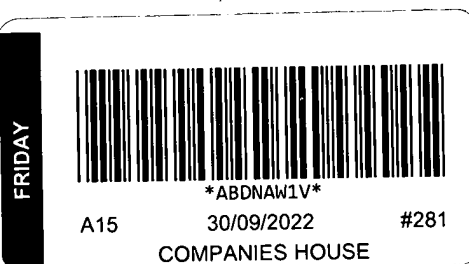
PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2021****ARCO BRITISH LIMITED, LLC**

		2021	2020
	Note	\$000	\$000
Turnover	2	201,813	111,425
Cost of sales		(158,985)	(131,846)
Gross profit / (loss)		<u>42,828</u>	<u>(20,421)</u>
Exploration expenses		(406)	(21,986)
Distribution and marketing expenses		(12)	(78)
Administrative expenses		(1,289)	(1,219)
Loss on disposal of fixed assets	3	(33,528)	—
Impairment of tangible assets	7	—	(14,055)
Reversal of impairment of tangible assets	7	2,006	—
Operating profit / (loss)	3	<u>9,599</u>	<u>(57,759)</u>
Interest receivable and similar income	4	1,454	6,863
Interest payable and similar expenses	5	(3,751)	(4,057)
Profit / (loss) before taxation		<u>7,302</u>	<u>(54,953)</u>
Tax on profit / (loss)		42,520	33,639
Profit / (loss) for the financial year		<u><u>49,822</u></u>	<u><u>(21,314)</u></u>

The profit of \$49,822,000 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****ARCO BRITISH LIMITED, LLC**

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



BALANCE SHEET**AT 31 DECEMBER 2021****ARCO BRITISH LIMITED, LLC****(Registered No.FC005677)**

	Note	2021 \$000	2020 \$000
Fixed assets			
Intangible assets	6	—	—
Tangible assets	7	8,277	122,298
		<u>8,277</u>	<u>122,298</u>
Current assets			
Stocks	8	1,836	4,021
Debtors – amounts falling due:			
within one year	9	1,406,250	1,196,438
after one year	9	33,817	70,029
Deferred tax assets		45,986	3,465
		<u>1,487,889</u>	<u>1,273,953</u>
Creditors: amounts falling due within one year	10	(573,652)	(578,727)
Net current assets		<u>914,237</u>	<u>695,226</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>922,514</u>	<u>817,524</u>
Provisions for liabilities and charges			
Other provisions	11	(177,362)	(122,194)
NET ASSETS		<u><u>745,152</u></u>	<u><u>695,330</u></u>
Capital and reserves			
Called up share capital	12	—	—
Additional paid in capital	13	177,829	177,829
Profit and loss account	13	457,503	407,681
Other reserves	13	109,820	109,820
TOTAL EQUITY		<u><u>745,152</u></u>	<u><u>695,330</u></u>

Authorized for issue on behalf of the Board

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Karen MacLennan

Director

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2021****ARCO BRITISH LIMITED, LLC**

	Called up share capital (Note 12)	Additional paid in capital (Note 13)	Profit and loss account (Note 13)	Other reserves (Note 13)	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 1 January 2020	—	177,829	778,995	109,820	1,066,644
Loss for the year, representing total comprehensive loss	—	—	(21,314)	—	(21,314)
Dividends paid	—	—	(350,000)	—	(350,000)
Balance at 31 December 2020	—	177,829	407,681	109,820	695,330
Profit for the year, representing total comprehensive income	—	—	49,822	—	49,822
Balance at 31 December 2021	—	177,829	457,503	109,820	745,152

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2021****ARCO BRITISH LIMITED, LLC****1. Principal activity**

The company's principal activities during the year continued to be the exploration for and production of oil and gas from interests in the UK.

2. Turnover

Sales of goods, which is stated net of value added tax, represents amounts where the performance obligation of a contract has been met with third parties and group companies. Turnover is realised entirely in the oil production & operations business.

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

	2021	2020
	\$000	\$000
Revenue from contracts with customers	196,710	127,187
Other operating revenues	5,002	(19,677)
Tariff income	101	3,915
	<u>201,813</u>	<u>111,425</u>
Interest receivable and similar income (Note 4)	1,454	6,863
	<u>203,267</u>	<u>118,288</u>

The country of origin is the UK geographic area and destination is the UK and North-West Europe geographic areas.

Turnover is attributable to one continuing activity; the production and sale of petroleum and hydrocarbon products. Turnover is recognised at the performance obligation of delivery to the end buyer, being the point risk and reward has transferred in accordance with the sales contract.

3. Operating profit / (loss)

This is stated after (crediting) / charging:

	2021	2020
	\$000	\$000
Net foreign exchange (gains) / losses	(1,004)	14,456
Research and development costs expensed	29	125
Depreciation of tangible assets (Note 7)	43,081	43,475
Impairment of intangible assets (Note 6)	406	21,986
Impairment of tangible assets (Note 7)	—	14,055
Reversal of impairment of tangible assets (Note 7)	(2,006)	—
Loss on disposal of tangible assets	<u>(33,528)</u>	<u>—</u>

The loss realized on disposals of tangible assets related to the sale of Shearwater field on 23rd June 2021. There is no tax effect on this disposal.

NOTES TO THE FINANCIAL STATEMENTS**4. Interest receivable and similar income**

	2021	2020
	\$000	\$000
Interest income from amounts owed by group undertakings	1,077	6,622
Other interest income	377	241
Total interest receivable and similar income	<u>1,454</u>	<u>6,863</u>

5. Interest payable and similar expenses

	2021	2020
	\$000	\$000
Interest expense on:		
Overdrafts from group undertakings	885	888
Other interest expense	164	3
Total interest expense	<u>1,049</u>	<u>891</u>
Unwinding of discount on provisions (Note 11)	2,702	3,166
Total interest payable and similar charges	<u>3,751</u>	<u>4,057</u>

6. Intangible assets

	Exploration Expenditure
	\$000
Cost	
At 1 January 2021	—
Additions	406
Disposals	(406)
Changes in decommissioning provision	—
At 31 December 2021	<u>—</u>
Amortisation	
At 1 January 2021	—
Disposals	406
Impairment	(406)
At 31 December 2021	<u>—</u>
Net book value	
At 31 December 2021	<u>—</u>
At 31 December 2020	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS**7. Tangible assets**

	Oil & Gas Properties	Of which AUC*
Cost	\$000	\$000
At 1 January 2021	1,652,918	21,596
Additions	29,284	13,888
Disposals	(1,311,937)	—
Transfers	—	(35,484)
Changes in decommissioning provision (Note 11)	6,360	—
At 31 December 2021	<u>376,625</u>	<u>—</u>
Depreciation and impairment		
At 1 January 2021	(1,530,620)	(1,666)
Charge for the year	(43,081)	—
Reversal of impairment	2,006	1,666
Disposals	1,203,347	—
At 31 December 2021	<u>(368,348)</u>	<u>—</u>
Net book value		
At 31 December 2021	<u>8,277</u>	<u>—</u>
At 31 December 2020	<u>122,298</u>	<u>19,930</u>

*AUC = assets under construction. Assets under construction are not depreciated.

Capitalized interest included above:

	Net book value \$000
At 31 December 2021	<u>—</u>
At 31 December 2020	<u>3,839</u>

Due to Shearwater field divestment tangible assets NBV has decreased by \$108.6m. It includes \$93.2m asset write off and \$15.4m current year additions write off.

8. Stocks

	2021 \$000	2020 \$000
Raw materials and consumables	<u>1,836</u>	<u>4,021</u>

The difference between the carrying value of stocks and their replacement cost is not material.

NOTES TO THE FINANCIAL STATEMENTS**9. Debtors**

Amounts falling due within one year:

	<u>2021</u>	<u>2020</u>
	\$000	\$000
Trade debtors	3,944	2,933
Amounts owed from parent undertakings	1,347,491	1,157,970
Amounts owed from fellow subsidiaries	23,230	13,710
Other debtors	31,196	1,834
Prepayments and accrued income	—	18,632
Taxation	91	—
Petroleum Revenue Tax	298	1,359
	<u>1,406,250</u>	<u>1,196,438</u>

Amounts falling due after one year:

	<u>2021</u>	<u>2020</u>
	\$000	\$000
Amounts owed from fellow subsidiaries	24,637	24,637
Other debtors	—	35,403
Prepayments and accrued income	8,688	8,688
Petroleum revenue tax	492	1,301
	<u>33,817</u>	<u>70,029</u>
 Total debtors	 <u>1,440,067</u>	 <u>1,266,467</u>

10. Creditors

Amounts falling due within one year:

	<u>2021</u>	<u>2020</u>
	\$000	\$000
Trade creditors	375	14,621
Amounts owed to parent undertakings	566,445	495,162
Amounts owed to fellow subsidiaries	2,645	2,645
Other creditors	12	22
Taxation	—	54,313
Petroleum revenue tax	26	—
Accruals	1,510	9,197
Deferred income	2,617	2,617
Bank overdraft	22	150
	<u>573,652</u>	<u>578,727</u>

NOTES TO THE FINANCIAL STATEMENTS**11. Other provisions**

	Decom- missioning	Other	Environ- mental	Total
	\$000	\$000	\$000	\$000
At 1 January 2021	122,194	—	—	122,194
Exchange Adjustments	—	(1,795)	—	(1,795)
New or increased provisions:				
Recognized within tangible assets (Note 7)	6,360	—	—	6,360
Charged to profit and loss accounts	(11,099)	(17,156)	55,529	27,274
Write-back of unused provision	—	1,024	—	1,024
Unwinding of discount	2,702	—	—	2,702
Transfer	3,126	—	—	3,126
Utilization	(1,450)	17,927	—	16,477
At 31 December 2021	121,833	—	55,529	177,362
At 31 December 2021				
Current	2,072	—	27,139	29,211
Non-current	119,761	—	28,390	148,151
	121,833	—	55,529	177,362
At 31 December 2020				
Current	18,632	—	—	18,632
Non-current	103,562	—	—	103,562
	122,194	—	—	122,194

Decommissioning provision in relation to certain divested assets has been retained by the Company and the provision in relation to this has been reclassified as charged through profit and loss and therefore decreased by \$11 million. Environmental provision in the amount of \$55.5 million was recorded in respect of retained decommissioning related spend anticipated in connection with contributions towards the remediation of certain historic well issues on certain divested assets identified. The issues were identified in Q1 2022 and the remediation activities are to be carried out by the relevant third party operator. Since the circumstances were present at 31 December 2021 therefore this event was concluded as an adjusting post balance sheet event and the provision was reflected in the financial statements of Arco British Limited for the year ending 31 December 2021.

12. Called up share capital

	2021	2020
	\$	\$
Issued and fully paid:		
100 ordinary shares of \$1 each for a total nominal value of \$100	100	100

NOTES TO THE FINANCIAL STATEMENTS

13. 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.

Additional paid in capital

The additional paid in capital balance \$177,829,000 represents the difference in capital converted into called up share capital and paid-in capital at the time when the company was converted to a Limited Liability Company registered in Delaware USA.

Profit and loss account

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

The company paid no dividend in 2021. The company paid interim ordinary dividends of \$350,000,000 in December 2020. The dividend per share was \$3,500,000 in 2020.

Other reserves

The other reserves balance consist of additional paid-in capital.

14. Post balance sheet event

In Q1 2022 bp recognized an environmental provision in amount of \$55.5 million in respect of retained decommissioning related spend anticipated in connection with certain divested assets. Since the circumstances were present at 31 December 2021 therefore this event was concluded as an adjusting post balance sheet event and the provision was reflected in the financial statements of Arco British Limited for the year ending 31 December 2021. For further details please see Note 11.

15. Immediate and ultimate controlling parent undertaking

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