

AMOCO (FIDDICH) LIMITED

(Registered No.01005360)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019Board of Directors: S J MacRae
K MacLennan

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

STRATEGIC REPORT**Results**

The profit for the year after taxation was \$11,750,000 which, when added to the retained profit brought forward at 1 January 2019 of \$105,322,000 (after making a transitional adjustment for IFRS 16 of \$654,000), gives a total retained profit carried forward at 31 December 2019 of \$117,072,000.

Principal activity and review of the business

The company is engaged in the production and selling of petroleum products in the United Kingdom from its 5% interest in the Foinaven field.

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

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
	\$000	\$000	%
Turnover	12,794	22,629	(43)
Operating profit	2,559	9,934	(74)
Profit for the year	11,750	15,416	(24)
Total equity	133,770	122,674	9

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
	%	%	
Quick ratio	181	176	5

Turnover has decreased significantly as a result of lower production and lower average oil price. Oil and gas production decreased to 182 mboe during 2019 from 311 mboe in 2018. The average realised price for oil was \$71.89/bbl in 2019, while in 2018 it was \$73.27/bbl. The reduction in oil production was mainly due to planned shutdown from 20 July to 12 October in 2019.

During 2019, the company made an operating profit of \$2,559,000 compared to an operating profit of \$9,934,000 in 2018. This was mainly driven by the decrease in turnover (2019: \$12,794,000 and 2018: \$22,629,000) and movement in oil over / underlift.

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

STRATEGIC REPORT

Section 172 (1) statement

In governing the company on behalf of its shareholders and discharging their duties under section 172, the board has had regard to the factors set out in section 172 (see below) and other factors which the board considers appropriate.

Matters identified that may affect the company's performance in the long term are set out in the principal risks disclosed in the strategic report below.

The company has engaged with key stakeholders and the outcome from such engagement has been considered by the directors during the decision making process where appropriate. Refer to the directors report on stakeholder engagement.

Section 172 factors

Section 172 requires directors to have regard to the following in performing their duties, and as part of the process are required to consider, where relevant:

- a. The likely long-term consequences of the decision.
- b. The interests of the company's employees.
- c. The need to foster the company's business relationships with suppliers, customers and others.
- d. The impact of the company's operations on the community and the environment.
- e. The desire to maintain the company's reputation for high standards of business conduct.
- f. The need to act fairly between members of the company.

To support the directors in the discharge of their duties, and whilst making a decision on behalf of the company, the directors have access to functional assurance support to identify matters which may have an impact on the proposed decision including, where relevant, section 172 factors as outlined above.

During the year the directors continued to monitor progress against the company's strategy, as highlighted in the principal activities section of the strategic report of the company, and decisions made by the directors were in respect of operational matters, in furtherance of the BP group's purpose.

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 2019.

Strategic and commercial risks

Prices and markets

The company's financial performance is subject to fluctuating prices of *oil, gas, petrochemicals and refined products*, technological change, exchange rate fluctuations and the general macroeconomic outlook. Political developments, increased supply of oil and gas or low carbon energy sources, technological change, global economic conditions, public health situations and the influence of OPEC can impact supply and demand and prices for our products.

STRATEGIC REPORT

Access, renewal and reserves progression

The company's inability to access, renew and progress upstream resources in a timely manner could adversely affect its long-term replacement of reserves.

Geopolitical

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment may disrupt or curtail the company's operations or development activities. These may in turn cause production to decline, limit the company's ability to pursue new opportunities, affect the recoverability of our assets or cause us to incur additional costs. Political developments may include international sanctions, expropriation or nationalization of property, civil strife, strikes, insurrections, acts of terrorism or war and public health situations (including an outbreak of an epidemic or pandemic).

The impact of the UK's exit from the EU

BP have been assessing the potential impact on the group of Brexit and the UK's future global relationships. BP have been considering different outcomes but do not believe any of these outcomes pose a significant risk to the business. The BP board's geopolitical committee continues to monitor these developments.

Joint arrangements and contractors

The company may have varying levels of control over the standards, operations and compliance of its partners, contractors and sub-contractors which could result in legal liability and reputational damage.

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.

Climate change and the transition to a lower carbon economy

Policy, legal, regulatory, technology and market developments related to the issue of climate change could increase costs, reduce demand for our products, reduce revenue and limit certain growth opportunities.

Crisis management and business continuity

Potential disruption to the company's business and operations could occur if it does not address an incident effectively.

Insurance

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

Safety and operational risks

Process safety, personal safety and environmental risks

The company is exposed to a wide range of health, safety, security and environmental risks that could cause harm to people, the environment, the company's assets and result in regulatory action, legal liability, business interruption, increased costs, damage to its reputation and potentially denial of its licence to operate.

Drilling and production

Challenging operational environments and other uncertainties could impact drilling and production activities.

Product quality

Supplying customers with off-specification products could damage the company's reputation, lead to regulatory action and legal liability, and potentially impact its financial performance.

Compliance and control risks

Regulation

Changes in the regulatory and legislative environment could increase the cost of compliance, affect the company's provisions and limit its access to new growth opportunities.

STRATEGIC REPORT

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 commodity prices and foreign currency exchange rates. Further details on these financial risks are included within Note 29 of the BP group Annual Report and Form 20-F for the year ended 31 December 2019.

Authorized for issue by Order of the Board

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For and on behalf of
Sunbury Secretaries Limited
Company Secretary
27 July 2020

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

DIRECTORS' REPORT**AMOCO (FIDDICH) LIMITED****Directors**

The present directors are listed on page 1.

There have been no director appointments or resignations since 1 January 2019.

Directors' indemnity

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

Dividends

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

Post balance sheet events

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

On 15 June 2020 BP issued a press release detailing revised investment appraisal long-term oil and gas price assumptions used in tangible assets impairment testing. The revised long-term price assumptions used to determine recoverable amount based on value-in-use impairment tests are an average of \$55/bbl for Brent and \$2.90 per MMBtu for Henry Hub for the period of 2021-2025 (in 2020 prices). BP is also reviewing its intent to develop some of its exploration prospects and consequently is assessing the carrying values of the group's intangible assets. Estimation of potential tangible and exploration and appraisal asset impairment charges related to the company's assets is in progress and therefore it is not currently possible to reliably determine the impact of the revised impairment testing price assumptions on the company's tangible asset and related disclosures, or to determine the outcome of the assessment of intangible assets. These revisions and impairments relate to events and circumstances arising since 31 December and therefore the impact on Amoco (Fiddich) Limited will be included in the financial statements for the year ended 31 December 2020. (The company has no intangible assets as of 31 December 2019).

On 27 March 2020, the Foinaven field Operator (Britoil Limited, a fellow subsidiary of bp plc) entered into a new bareboat charter contract with Teekay Corporation for the Foinaven floating production, storage and offloading (FPSO) unit for up to 10 years. Under the terms of the contract, an upfront payment of \$66 million was paid to Teekay by the Operator. The contracts introduce a new contractual framework for the FPSO's operating services and shuttle tanker provision, giving the Foinaven partners a greater influence over the strategic direction of operations out to at least 2025.

Going concern

The directors have assessed the prospects of the company over a period of at least 12 months. The directors have considered expectations of the position and performance of the company over this period, taking account of its short-term and longer-range plans. Taking into account the company's current position and its principal risks on pages 1-4, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months.

DIRECTORS' REPORT

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

As noted in the Strategic Report, the company holds an interest in the producing Foinaven field, as a result the company's cash-flows are impacted by changes in the oil and gas price. There is no significant exploration or development spend planned on the Foinaven field during the going concern period. The company does not hold cash directly and funding requirements are met through the central Treasury organisation, as a result the company is reliant on the overall group funding to continue in operation and meet its liabilities as they fall due in the going concern period. The total debit balance of the internal finance accounts (IFA) in the company is \$306,484,000 funded by BP International Limited. The company has only intercompany trading within the BP group and also has net assets of \$133,770,000 and net current assets of \$143,449,000.

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

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

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

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth 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.

Research and development

Research and development costs relate to the company's share of group led research and development programmes and initiatives. The cost of these group projects are absorbed by the fields and locations and therefore the legal entities which are expected to benefit from those developments are in the future.

DIRECTORS' REPORT

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

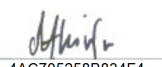
The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

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

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

Authorized for issue by Order of the Board

DocuSigned by:



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For and on behalf of

Sunbury Secretaries Limited

Company Secretary

27 July 2020

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

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

AMOCO (FIDDICH) LIMITED

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements. Details of the directors' assessment of going concern are provided in the directors' report.

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF AMOCO (FIDDICH) LIMITED****Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Amoco (Fiddich) Limited (the company):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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.

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.

INDEPENDENT AUDITOR'S REPORT

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:

Graham Hollis

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Graham Hollis (ACA)

for and on behalf of

Aberdeen, United Kingdom

Deloitte LLP

27 July 2020

(Senior Statutory Auditor)

Statutory Auditor

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2019****AMOCO (FIDDICH) LIMITED**

		<u>2019</u>	<u>2018</u>
	Note	\$000	\$000
Turnover	3	12,794	22,629
Cost of sales		(11,067)	(13,382)
Gross profit		<u>1,727</u>	<u>9,247</u>
Distribution and marketing expenses		(10)	(17)
Administrative expenses		(25)	(150)
Other operating income	3	867	854
Operating profit	4	<u>2,559</u>	<u>9,934</u>
Interest receivable and similar income	6	6,418	5,409
Interest payable and similar expenses	7	(1,251)	(256)
Profit before taxation		<u>7,726</u>	<u>15,087</u>
Tax on profit	8	4,024	329
Profit for the year		<u><u>11,750</u></u>	<u><u>15,416</u></u>

The profit of \$11,750,000 for the year ended 31 December 2019 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2019****AMOCO (FIDDICH) LIMITED**

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 2019****AMOCO (FIDDICH) LIMITED****(Registered No.01005360)**

	Note	<u>2019</u> \$000	<u>2018</u> \$000
Fixed assets			
Tangible assets	10	<u>35,500</u>	<u>31,440</u>
Current assets			
Stocks	11	1,593	915
Debtors - amounts falling due: within one year	12	306,609	292,850
Deferred tax assets	8	<u>4,353</u>	<u>1,329</u>
		312,555	295,094
Creditors: amounts falling due within one year	13	(168,230)	(166,638)
Lease liabilities	14	<u>(876)</u>	<u>—</u>
Net current assets		<u>143,449</u>	<u>128,456</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>178,949</u>	<u>159,896</u>
Creditors: amounts falling due after more than one year	13	—	—
Lease liabilities	14	(4,873)	—
Provisions for liabilities and charges			
Other provisions	16	(40,306)	(37,222)
NET ASSETS		<u>133,770</u>	<u>122,674</u>
Capital and reserves			
Called up share capital	17	16,698	16,698
Profit and loss account	18	117,072	105,976
TOTAL EQUITY		<u>133,770</u>	<u>122,674</u>

Authorized for issue on behalf of the Board

DocuSigned by:

Karen MacLennan

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K MacLennan

Director

27 July 2020

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2019****AMOCO (FIDDICH) LIMITED**

	Called up share capital (Note 17)	Profit and loss account (Note 18)	Total
	\$000	\$000	\$000
Balance at 1 January 2018	16,698	90,560	107,258
Profit for the year, representing total comprehensive income	—	15,416	15,416
Balance at 31 December 2018	16,698	105,976	122,674
Adjustment on adoption of IFRS 16, net of tax	—	(654)	(654)
Balance at 1 January 2019	16,698	105,322	122,020
Profit for the year, representing total comprehensive income	—	11,750	11,750
Balance at 31 December 2019	<u>16,698</u>	<u>117,072</u>	<u>133,770</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2019****AMOCO (FIDDICH) LIMITED****1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)**

The financial statements of Amoco (Fiddich) Limited for the year ended 31 December 2019 were approved by the board of directors on 22 July 2020 and the balance sheet was signed on the board's behalf by K MacLennan. Amoco (Fiddich) Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 01005360). The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, 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.

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;
- (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;
- (j) the requirement of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- (k) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and

NOTES TO THE FINANCIAL STATEMENTS

- (l) the requirements of paragraph 58 of IFRS 16 Leases, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

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 22.

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.

Significant accounting policies

Going concern

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

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

Foreign currency

The functional and presentation currency of the financial statements is 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.

Investments

Interests in joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The company recognizes, on a line-by-line basis, its share of the assets, liabilities and expenses of these joint operations incurred jointly with the other partners, along with the company's income from the sale of its share of the output and any liabilities and expenses that the company has incurred in relation to the joint operation.

Tangible assets

Tangible assets owned by the company 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.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programmes are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

Oil and natural gas properties, including related pipelines, are depreciated using a unit-of-production method. The cost of producing wells is amortized over proved developed reserves. Licence acquisition, common facilities and future decommissioning costs are amortized over total proved reserves. The unit-of-production rate for the depreciation of common facilities takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred relating to as yet undeveloped reserves expected to be processed through these common facilities.

The expected useful lives and depreciation method of tangible assets are reviewed on an annual basis and, if necessary, changes in useful lives or the depreciation method are accounted for prospectively.

The carrying amounts of tangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

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 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, changes in commodity prices, low plant utilization, evidence of physical damage or, for oil and gas assets, significant downward revisions of estimated reserves or increases in estimated future development expenditure or decommissioning costs. 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. In assessing value in use, the

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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, 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.

Significant judgements and estimates: recoverability of asset carrying values

Determination as to whether, and how much, an asset is impaired involves management estimates on highly uncertain matters such as the effects of inflation 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.

The recoverable amount of an asset is the higher of its value in use and its fair value less costs of disposal. Fair value less costs of disposal may be determined based on expected sales proceeds or similar recent market transaction data.

The estimates for assumptions made in impairment tests in 2019 relating to discount rates and oil and gas properties are discussed below. Changes in the economic environment or other facts and circumstances may necessitate revisions to these assumptions and could result in a material change to the carrying values of the company's assets within the next financial year.

Discount rates

For discounted cash flow calculations, future cash flows are adjusted for risks specific to the cash-generating unit. 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. Fair value less costs of disposal calculations use the post-tax discount rate.

The discount rates applied in impairment tests are reassessed each year. In 2019 the post-tax discount rate used was 6% (2018 6%) and the pre-tax discount rate typically ranged from 7% to 13% (2018 9%) depending on the applicable tax rate in the geographic location of the CGU. Where the CGU is located in a country that is judged to be higher risk an additional premium of 1% to 4% was added to the discount rates (2018 2%). The judgement of classifying a country as higher risk and the applicable premium takes into account various economic and geopolitical factors.

Oil and natural gas properties

For oil and natural gas properties, the expected future cash flows are estimated using management's best estimate of future oil and natural gas prices and reserves volumes. The estimated future level of production is based on

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assumptions about future commodity prices, production and development costs, field decline rates, current fiscal regimes and other factors.

Reserves assumptions for value-in-use tests reflect the reserves and resources that management currently intend to develop. See also Significant estimate: estimation of oil and natural gas reserves.

When estimating the fair value of Upstream assets, assumptions reflect all reserves and resources that management believe a market participant would consider when valuing the asset, which in some cases are broader in scope than the reserves used in a value-in-use test.

The recoverable amount of oil and gas properties is determined using a combination of inputs including reserves and production volumes. Risk factors may be applied to reserves and resources which do not meet the criteria to be treated as proved. The interdependency of these inputs, risk factors and the wide diversity of our oil and gas properties limits the practicability of estimating the probability or extent to which the overall recoverable amount is impacted by changes to one or more of the underlying assumptions.

In 2019, the company identified oil and gas properties with carrying amounts totalling \$35.5 million where the headroom, as at the dates of the last impairment test performed on those assets, was less than or equal to 20% of the carrying value. A change in the discount rate, reserves, resources or the oil and gas price assumptions in the next financial year may result in the recoverable amount of one or more of these assets falling below the current carrying amount.

The recoverability of intangible exploration and appraisal expenditure is covered under Oil and natural gas exploration, appraisal and development expenditure above.

Oil and natural gas prices

The long-term price assumptions used for investment appraisal are recommended by the BP group chief economist after considering a range of external price, and supply and demand forecasts under various energy transition scenarios. They are reviewed and approved by management. As a result of the current uncertainty over the pace of transition to lower-carbon supply and demand and the social, political and environmental actions that will be taken to meet the goals of the Paris climate change agreement, the forecasts and scenarios considered include those where those goals are met as well as those where they are not met. The assumptions below represent management's best estimate of future prices; they do not reflect a specific scenario and sit within the range of the external forecasts considered.

The long-term price assumptions used to determine recoverable amount based on value-in-use impairments tests are derived from the central case investment appraisal assumptions of \$70 per barrel for Brent and \$4 per mmBtu for Henry Hub gas, both in 2015 prices (2018 \$75 per barrel and \$4 per mmBtu respectively, in 2015 prices). These long-term prices are applied from 2025 and 2032 respectively (2018 both from 2024) and continue to be inflated for the remaining life of the asset.

The price assumptions used over the periods to 2025 and 2032 have been set such that there is a linear progression from our best estimate of 2020 prices, which were set by reference to 2019 average prices, to the long-term assumptions.

The majority of reserves and resources that support the carrying value of the company's oil and gas properties are expected to be produced over the next 9 years. Average prices (in real 2015 terms) used to estimate cash flows over this period are \$67 per barrel for Brent and \$3.1 per mmBtu for Henry Hub gas.

Oil prices fell 10% in 2019 from 2018 due to trade tensions, a macroeconomic downturn, and a slight slowdown in oil demand. OPEC+ production restraint, unplanned outages, and sanctions on Venezuela and Iran kept prices from falling further. BP's long-term assumption as at 31 December 2019 for oil prices was slightly higher than the 2019 price average, based on the judgement that current price levels would not encourage sufficient

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investment to meet global oil demand sustainably in the longer term, especially given the financial requirements of key low-cost oil producing economies.

US gas prices dropped by around 20% in 2019 compared to 2018. After an initial spike in January, they remained relatively low for much of the year due to a combination of strong associated gas production growth, and storage levels coming back to normal. US gas demand growth was much lower than the exceptional increase in 2018, while LNG exports continued to expand. BP's long-term price assumption as at 31 December 2019 for US gas was higher than recent market prices due to forecast rising domestic demand, rapidly increasing pipeline and LNG exports, and lowest cost resources being absorbed leading to production of more expensive gas, as well as requiring increased investment in infrastructure.

Management tested the impact of a reduction in prices of 15% against the best estimate for Brent oil and Henry Hub gas in all future years. These price reductions in isolation could indicatively lead to a reduction in the carrying amount of the company's oil and gas properties in the range of \$6-7 million, which is approximately 20% of the net book value of property, plant and equipment as at 31 December 2019.

Management also tested the impact of a scenario where Brent oil and Henry Hub gas prices start 15% lower than the best estimate and gradually reduce to 25% lower than the best estimate by 2040. Although this is not considered to be a reasonably possible change in the long-term assumptions within the next financial year, it reflects the inherent uncertainty in forecasting long-term prices. These price reductions in isolation could indicatively lead to a reduction in the carrying amount of the company's oil and gas properties in the range of \$8-9 million which is approximately 25% of the net book value of property, plant and equipment as at 31 December 2019. Additionally, such a price reduction does not indicate a reduction in the carrying amount of the Upstream goodwill balance.

These sensitivity analyses do not, however, represent management's best estimate of any impairments that might be recognized as they do not fully incorporate consequential changes that may arise, such as reductions in costs and changes to business plans, phasing of development, levels of reserves and resources, and production volumes. As the extent of a price reduction increases, the more likely it is that costs would decrease across the industry. The above sensitivity analyses therefore do not reflect a linear relationship between price and value that can be extrapolated. Past experience of performing impairment tests suggests that any impairment arising from such price reductions is likely to be lower once all these factors are taken into consideration. The interdependency of these inputs and risk factors plus the diverse characteristics of our oil and gas properties limits the practicability of estimating the probability or extent to which the overall recoverable amount is impacted by changes to the price assumptions.

In response to events and circumstances arising after the balance sheet date, the BP group has revised its forecast oil and gas prices for use within impairment tests and are currently reassessing the impact of these revised prices on the tangible assets balance. Until this exercise is complete, it is not possible to determine the impact of revised oil and gas prices on the company's assets. Further information is provided in Note 21 Post Balance Sheet Events.

Oil and natural gas reserves

In addition to oil and gas prices, significant technical and commercial assessments are required to determine the group's estimated oil and natural gas reserves. Reserves estimates are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity and drilling of new wells all impact on the determination of the company's estimates of its oil and natural gas reserves. The company bases its proved reserves estimates on the requirement of reasonable certainty with rigorous technical and commercial assessments based on conventional industry practice and regulatory requirements.

Reserves assumptions for value-in-use tests reflect the reserves and resources that management currently intend to develop. The recoverable amount of oil and gas properties is determined using a combination of inputs

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including reserves, resources and production volumes. Risk factors may be applied to reserves and resources which do not meet the criteria to be treated as proved.

The interdependency of these inputs, risk factors and the wide diversity of BP's oil and gas properties limits the practicability of estimating the probability or extent to which the overall recoverable amount is impacted by changes to one or more of the underlying assumptions. The recoverable amount of oil and gas properties is primarily sensitive to changes in the long-term oil and gas price assumptions. Sensitivity analysis may be performed if a specific oil and gas property is identified to have low headroom above its carrying amount.

Stock

Stocks, other than stocks held for trading purposes, are stated at the lower of cost and net realizable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Net realizable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Net realizable value is determined by reference to prices existing at the balance sheet date, adjusted where the sale of inventories after the reporting period gives evidence about their net realizable value at the end of the period.

Supplies are valued at the lower of cost on a weighted average basis and net realizable value.

Leases

Agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases. The right to control is conveyed if BP has both the right to obtain substantially all of the economic benefits from, and the right to direct the use of, the identified asset throughout the period of use. An asset is identified if it is explicitly or implicitly specified by the agreement and any substitution rights held by the lessor over the asset are not considered substantive.

A lease liability is recognized on the balance sheet on the lease commencement date at the present value of future lease payments over the lease term. The discount rate applied is the rate implicit in the lease if readily determinable, otherwise an incremental borrowing rate is used. The incremental borrowing rate is determined based on factors such as the group's cost of borrowing, lessee legal entity credit risk, currency and lease term. The lease term is the non-cancellable period of a lease together with any periods covered by an extension option that BP is reasonably certain to exercise, or periods covered by a termination option that BP is reasonably certain not to exercise. The future lease payments included in the present value calculation are any fixed payments, payments that vary depending on an index or rate, payments due for the reasonably certain exercise of options and expected residual value guarantee payments.

Payments that vary based on factors other than an index or a rate such as usage, sales volumes or revenues are not included in the present value calculation and are recognized in the income statement. The lease liability is recognized on an amortized cost basis with interest expense recognized in the income statement over the lease term, except where capitalized as exploration, appraisal or development expenditure.

The right-of-use asset is recognized on the balance sheet as property, plant and equipment at a value equivalent to the initial measurement of the lease liability adjusted for lease prepayments, lease incentives, initial direct costs and any restoration obligations. The right-of-use asset is depreciated typically on a straight-line basis, over the lease term. The depreciation charge is recognized in the income statement, except where capitalized as exploration, appraisal or development expenditure. Right-of-use assets are assessed for impairment in line with the accounting policy for impairment of property, plant and equipment, intangible assets, and goodwill.

Agreements may include both lease and non-lease components. Payments for lease and non-lease components are allocated on a relative stand-alone selling price basis except for leases of retail service stations where the group has elected not to separate non-lease payments from the calculation of the lease liability and right-of-use asset.

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If the lease term at commencement of the agreement is less than 12 months, a lease liability and right-of-use asset are not recognized, and a lease expense is recognized in the income statement on a straight-line basis.

If a significant event or change in circumstances, within the control of BP, arises that affects the reasonably certain lease term or there are changes to the lease payments, the present value of the lease liability is remeasured using the revised term and payments, with the right-of use asset adjusted by an equivalent amount.

Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right-of-use asset. Any gain or loss on modification is recognized in the income statement. Modifications that increase the scope of the lease at a price commensurate with the stand-alone selling price are accounted for as a separate new lease.

The company recognizes the full lease liability, rather than its working interest share, for leases entered into on behalf of a joint operation if the company has the primary responsibility for making the lease payments. In such cases, the company's working interest share of the right-of-use asset is recognized if it is jointly controlled by the company and the other joint operators, and a receivable is recognized for the share of the asset transferred to the other joint operators. If the company is a non-operator, a payable to the operator is recognized if they have the primary responsibility for making the lease payments and the company has joint control over the right-of-use asset, otherwise no balances are recognized.

As noted in 'Impact of new International Financial Reporting Standards - IFRS 16 'Leases'', the company elected to apply the 'modified retrospective' transition approach on adoption of IFRS 16. Under this approach, comparative periods' financial information is not restated. The accounting policy applicable for leases in the comparative periods only is disclosed in the following paragraphs.

Agreements under which payments are made to owners in return for the right to use a specific asset are accounted for as leases. Leases that transfer substantially all the risks and rewards of ownership are recognized as finance leases. All other leases are accounted for as operating leases.

Finance leases are capitalized at the commencement of the lease term at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Operating lease payments are recognized as an expense on a straight-line basis over the lease term except where capitalized as exploration or appraisal expenditure.

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

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money is significant. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired and when interest is recognized using the effective interest method. This category of financial assets includes trade and other receivables.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account. Derivatives, other than those designated as effective hedging instruments, are included in this category.

Impairment of financial assets measured at amortized cost

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

Financial liabilities

The measurement of financial liabilities is as follows:

Financial liabilities measured at fair value through profit or loss

Financial liabilities, including financial guarantees, that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account. Derivatives, other than those designated as effective hedging instruments, are included in this category.

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. Amortized 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 in interest receivable and similar income and interest payable and similar expenses respectively. 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

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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 2.5% (2018 3.0%).

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 unless the possibility of an outflow of economic resources is considered remote.

Decommissioning

Liabilities for decommissioning costs are recognized when the company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognized on construction or installation. Similarly, where obligation exists for a well, this liability is recognized when it is drilled. An obligation for decommissioning may also crystallise during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations; an obligation may also arise in cases where an asset has been sold but the subsequent owner is no longer able to fulfil its decommissioning obligations, for example due to bankruptcy. The amount recognized is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate.

An amount equivalent to the decommissioning provision is recognized as part of the corresponding intangible asset (in the case of an exploration or appraisal well) or property, plant and equipment. The decommissioning portion of the property, plant and equipment is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilisation of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

Significant judgements and estimates: provisions

The company holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations facing the company relate to the plugging and abandonment of wells and the removal and disposal of oil and natural gas platforms and pipelines. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation if required in determining the amounts of provisions to be recognized. Any changes in the expected future costs are reflected in both the provision and the asset.

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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; or
- 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.

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.

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

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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.

Customs duties and sales taxes

Customs duties and sales taxes that are passed on or charged to customers are excluded from turnover and expenses. Assets and liabilities are recognized net of the amount of customs duties or sales tax except:

- Customs duties or sales taxes incurred on the purchase of goods and services which are not recoverable from the taxation authority are recognized as part of the cost of acquisition of the asset.
- Receivables and payables are stated with the amount of customs duty or sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included within receivables or payables in the balance sheet.

Turnover

Revenue from contracts with customers is recognized when or as the company satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of oil and natural gas usually coincides with title passing to the customer and the customer taking physical possession. The company principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant.

When, or as, a performance obligation is satisfied, the company recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

Contracts for the sale of commodities are typically priced by reference to quoted prices. Revenue from term commodity contracts is recognized based on the contractual pricing provisions for each delivery. Certain of these contracts have pricing terms based on prices at a point in time after delivery has been made. Revenue from such contracts is initially recognized based on relevant prices at the time of delivery and subsequently adjusted as appropriate. All revenue from these contracts, both that recognized at the time of delivery and that from post-delivery price adjustments, is disclosed as revenue from contracts with customers.

Physical exchanges with counterparties in the same line of business and to facilitate sales to customers are reported net, as are sales and purchases made with a common counterparty, as part of an arrangement similar to a physical exchange.

Where the company acts as agent on behalf of a third party to procure or market energy commodities, any associated fee income is recognized but no purchase or sale is recorded.

Where forward sale and purchase contracts for oil, natural gas or power have been determined to be for short-term trading purposes, the associated sales and purchases are reported net within sales and other operating revenues whether or not physical delivery has occurred.

Revenue associated with the sale of oil and natural gas is included on a net basis in turnover.

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.

Research costs

NOTES TO THE FINANCIAL STATEMENTS

Research costs are expensed as incurred.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other 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 IFRS 16 'Leases', which replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease', with effect from 1 January 2019. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the financial statements.

IFRS 16 'Leases'

IFRS 16 'Leases' provides a new model for lessee accounting in which the majority of leases will be accounted for by the recognition on the balance sheet of a right-of-use asset and a lease liability. The subsequent amortization of the right-of-use asset and the interest expense related to the lease liability is recognized in profit or loss over the lease term.

The company elected to apply the modified retrospective transition approach in which the cumulative effect of initial application is recognized in opening retained earnings at the date of initial application with no restatement of comparative periods' financial information. Comparative information in the balance sheet has, however, been re-presented to align with current year presentation, showing lease liabilities and lease liability payments as separate line items. These were previously included within finance debt and repayments of long-term financing line items respectively. Amounts presented in these line items for the comparative periods relate to leases accounted for as finance leases under IAS 17. We do not consider any of the judgements or estimates made on transition to IFRS 16 to be significant.

IFRS 16 introduces a revised definition of a lease. As permitted by the standard, the company elected not to reassess the existing population of leases under the new definition and only applies the new definition for the assessment of contracts entered into after the transition date. On transition the standard permitted, on a lease-by-lease basis, the right-of-use asset to be measured either at an amount equal to the lease liability (as adjusted for prepaid or accrued lease payments), or on a historical basis as if the standard had always applied. BP has elected to use the historical asset measurement for its more material leases and used the asset equals liability approach for the remainder of the population. In measuring the right-of-use asset the company applied the transition practical expedient to exclude initial direct costs. The company also elected to adjust the carrying amounts of the right-of-use assets as at 1 January 2019 for onerous lease provisions that had been recognized on the company balance sheet as at 31 December 2018, rather than performing impairment tests on transition.

The effect on the company's balance sheet is set out further below. The presentation and timing of recognition of charges in the profit and loss account has changed following the adoption of IFRS 16. The operating lease expense previously reported under IAS 17, typically on a straight-line basis, has been replaced by depreciation of the right-of-use asset and interest on the lease liability.

The following table provides a reconciliation of the operating lease commitments disclosed as at 31 December 2018 to the total lease liability recognized on the balance sheet in accordance with IFRS 16 as at 1 January 2019, with explanations below.

NOTES TO THE FINANCIAL STATEMENTS

	\$000
Operating lease commitments at 31 December 2018	7,638
Effect of discounting	(875)
Other	(123)
Total additional lease liabilities recognized on adoption of IFRS 16	(998)
Total lease liabilities at 1 January 2019	6,640
Of which - current	903
- non-current	5,737

Leases not yet commenced

The operating lease commitments disclosed as at 31 December 2018 include amounts relating to leases entered into by the company that had not yet commenced as at 31 December 2018. In accordance with IFRS 16 assets and liabilities will not be recognized on the company balance sheet in relation to these leases until the dates of commencement of the leases. Commitments for leases not yet commenced as at 31 December 2019 are disclosed in Note 15.

Short-term leases and leases below materiality threshold

As part of the transition to IFRS 16, the company elected not to recognize assets and liabilities relating to short-term leases i.e. leases with a term of less than 12 months and also applied a materiality threshold for the recognition of assets and liabilities related to leases. The disclosed operating lease commitments as at 31 December 2018 include amounts related to such leases.

Effect of discounting

The amount of the lease liability recognized in accordance with IFRS 16 is on a discounted basis whereas the operating lease commitments information as at 31 December 2018 is presented on an undiscounted basis. The discount rates used on transition were incremental borrowing rates as appropriate for each lease based on factors such as the lessee legal entity, lease term and currency. The weighted average discount rate used on transition was around 3.5%, with a weighted average remaining lease term of around nine years. For new leases commencing after 1 January 2019 the discount rate used will be the interest rate implicit in the lease, if this is readily determinable, or the incremental borrowing rate if the implicit rate cannot be readily determined.

Impact on leases in joint operations

The operating lease commitments for leases within joint operations as at 31 December 2018 were included on the basis of the company's net working interest, irrespective of whether the company is the operator and whether the lease has been co-signed by the joint operators or not. However, for transition to IFRS 16, the facts and circumstances of each lease in a joint operation were assessed to determine the company's rights and obligations and to recognize assets and liabilities on the company balance sheet accordingly. This relates mainly to leases of drilling rigs within joint operations in the Upstream segment. Where all parties to a joint operation jointly have the right to control the use of the identified asset and all parties have a legal obligation to make lease payments to the lessor, the company's share of the right-of-use asset and its share of the lease liability will be recognized on the company balance sheet. This may arise in cases where the lease is signed by all parties to the joint operation. However, in cases where the company is the only party with the legal obligation to make lease payments to the lessor, the full lease liability will be recognized on the company balance sheet. This may be the case if for example the company, as operator of the joint operation, is the sole signatory to the lease. If, however, the underlying asset is jointly controlled by all parties to the joint operation the company will recognize its net share of the right-of-use asset on the company balance sheet along with a receivable representing the amounts to be recovered from the other parties. If the company is not legally obliged to make lease payments to the lessor but jointly controls the asset, the net share of the right-of-use asset will be recognized on the balance sheet along with a payable representing amounts to be paid to the other parties.

NOTES TO THE FINANCIAL STATEMENTS*Variable lease payments*

Where there are lease payments that vary depending on an index or rate, the measurement of the operating lease commitments as at 31 December 2018 was based on the variable factor as at inception of the lease and was not updated to reflect subsequent changes in the variable factor. Such subsequent changes in the lease payments were treated as contingent rentals and charged to profit or loss as and when paid. Under IFRS 16 the lease liability is adjusted whenever the lease payments are changed in response to changes in the variable factor, and for transition the liability was measured on the basis of the prevailing variable factor on 1 January 2019.

Redetermination of lease term

Under the transition provisions of IFRS 16, the remaining terms of certain leases were redetermined with the benefit of hindsight, on the basis that BP was reasonably certain to exercise its option to terminate those leases before the full term.

Under IAS 17 finance leases were recognized on the balance sheet and continue to be recognized in accordance with IFRS 16. The amounts recognized on the balance sheet as at 1 January 2019 in relation to the right-of-use assets and liabilities for previous finance leases within joint operations are on a net or gross basis as appropriate as described above.

In addition to the lease liability, other line items on the balance sheet adjusted on transition to IFRS 16 include tangible assets for the right-of-use assets, lease related prepayments, receivables from joint operation partners, lease related accruals, payables to operators of joint operations, onerous lease provisions and deferred tax balances, as set out below.

	\$000		
	31 December 2018	1 January 2019	Adjustment on adoption of IFRS 16
Fixed assets			
Tangible assets	31,440	37,332	5,892
Creditors: amounts falling due within one year			
Accruals	(10)	84	94
Creditors: amounts falling due after more than one year			
Lease liabilities	—	(6,640)	(6,640)
Net assets*	122,674	122,020	(654)
Capital and reserves			
Profit and loss account	105,976	105,322	(654)

* Net assets also includes the line items not affected by the transition to IFRS 16 that are not presented separately in the table.

NOTES TO THE FINANCIAL STATEMENTS**3. Turnover**

Revenue from contracts with customers, 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 upstream business.

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

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Revenue from contracts with customers	12,794	22,629
	<u>12,794</u>	<u>22,629</u>
Other operating income	867	854
Interest receivable and similar income (Note 6)	6,418	5,409
	<u>20,079</u>	<u>28,892</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 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.

The reduction in turnover was mainly due to lower production and lower average oil price. Oil and gas production decreased to 182 mboe during 2019 from 311 mboe in 2018. The average realised price for oil was \$71.89/bbl in 2019, while in 2018 it was \$73.27/bbl.

4. Operating profit

This is stated after charging:

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Operating lease payments:		
Plant & machinery ^a	—	2,700
Net foreign exchange (gains) / losses	(1)	46
Research and development costs expensed	14	64
Depreciation of tangible assets	3,436	4,830
Depreciation of right-of-use assets ^b	842	—
	<u>842</u>	<u>—</u>

^a The amount shown for the comparative period relates to leases previously classified as operating leases under IAS 17.

^b The line indicated is in respect of the application of IFRS 16 in the current year only.

5. Auditor's remuneration

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Fees for the audit of the company	6	5
	<u>6</u>	<u>5</u>

Fees paid to the company's auditor, Deloitte LLP and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of Amoco (Fiddich) 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**6. Interest receivable and similar income**

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Interest income from amounts owed by group undertakings	<u>6,418</u>	<u>5,409</u>

7. Interest payable and similar expenses

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Interest expense on:		
Lease liabilities	<u>224</u>	<u>—</u>
Total interest expense	<u>224</u>	<u>—</u>
Unwinding of discount on provisions (Note 16)	<u>1,027</u>	<u>256</u>
Total interest payable and similar expenses	<u>1,251</u>	<u>256</u>

8. Taxation

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

The taxation charge / (credit) in the profit and loss account is made up as follows:

	<u>2019</u>	<u>2018</u>
	\$000	\$000
<u>Current tax</u>		
UK tax underprovided in prior years	<u>(1,000)</u>	<u>823</u>
Total current tax (credited) / charged	<u>(1,000)</u>	<u>823</u>
<u>Deferred tax</u>		
Origination and reversal of temporary differences	<u>(2,852)</u>	<u>(1,377)</u>
Adjustments to prior year temporary differences	<u>(172)</u>	<u>225</u>
Total deferred tax credited	<u>(3,024)</u>	<u>(1,152)</u>
Tax credited on profit	<u>(4,024)</u>	<u>(329)</u>

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19.00% for the year ended 31 December 2019 (2018: 19.00%). The differences are reconciled below:

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Profit before taxation	7,726	15,087
Tax credit	(4,024)	(329)
Effective tax rate	(52)%	(2)%

NOTES TO THE FINANCIAL STATEMENTS

	<u>2019</u>	<u>2018</u>
	%	%
UK statutory corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Free group relief	(29)	(23)
Amounts provided for settlement of HRCP liabilities	(16)	—
UK Supplementary tax on North Sea profits	(5)	(2)
Adjustments to tax charge in respect of previous years	(15)	7
Ring Fence Tax rate differences	(6)	(3)
Effective tax rate	<u>(52)</u>	<u>(2)</u>

Change in corporation tax rate

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

(b) Provision for deferred tax

The deferred tax included in the profit and loss account and balance sheet is as follows:

<u>Deferred tax asset</u>	Profit and loss account		Balance sheet	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	\$000	\$000	\$000	\$000
Decommissioning and other provisions	(1,233)	592	16,122	14,889
Tax losses carried forward / tax credits	(172)	(34)	138	(34)
Other deductible temporary differences	(262)	—	262	—
Net credit for deferred tax assets	<u>(1,667)</u>	<u>558</u>	<u>16,522</u>	<u>14,855</u>

<u>Deferred tax liability</u>	Profit and loss account		Balance sheet	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	\$000	\$000	\$000	\$000
Accelerated capital allowances	(357)	594	(12,169)	(12,526)
Other taxable temporary differences	(1,000)	—	—	(1,000)
Net provision for deferred tax liabilities	<u>(1,357)</u>	<u>594</u>	<u>(12,169)</u>	<u>(13,526)</u>
Net deferred tax (credit) / charge and net deferred tax asset	<u>(3,024)</u>	<u>1,152</u>	<u>4,353</u>	<u>1,329</u>

Analysis of movements during the year

	<u>2019</u>
	\$000
At 1 January 2019	1,329
Deferred tax credited to the profit and loss account	3,024
At 31 December 2019	<u>4,353</u>

NOTES TO THE FINANCIAL STATEMENTS**9. Directors and employees**

(a) Remuneration of directors

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2018: \$Nil).

(b) Employee costs

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

10. Tangible assets

	Oil & gas properties
Cost - owned tangible assets	<u>\$000</u>
At 1 January 2019	215,355
Additions	389
Changes in decommissioning provision	2,057
At 31 December 2019	<u>217,801</u>
Depreciation - owned tangible assets	
At 1 January 2019	(183,915)
Charge for the year	(3,436)
At 31 December 2019	<u>(187,351)</u>
Owned tangible assets - net book value	
At 31 December 2019	<u>30,450</u>
Right-of-use assets - net book value	
At 31 December 2019	<u>5,050</u>
Total tangible assets net book value	
At 31 December 2019	<u>35,500</u>
At 31 December 2018	<u>31,440</u>

Cost effect on adoption of IFRS 16 was \$5,892,000.

The depreciation expense recognized for the year on right-of-use assets was \$842,000.

Capitalised interest included above are as follows:

	Net book value
Capitalised interest	<u>\$000</u>
At 31 December 2019	119
At 31 December 2018	<u>134</u>

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

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Raw materials and consumables	139	96
Crude oil	<u>1,454</u>	<u>819</u>
	<u><u>1,593</u></u>	<u><u>915</u></u>

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

12. Debtors

Amounts falling due within one year:

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Trade debtors	—	327
Amounts owed from parent undertakings	306,484	292,523
Other debtors	<u>125</u>	<u>—</u>
	<u><u>306,609</u></u>	<u><u>292,850</u></u>

The amounts owed from parent undertakings comprise a funding account of \$306,484,000 (2018: \$292,523,000). Interest is accrued on a monthly basis based on LIBOR. The interest rate at year end was 1.65% (2018: 2.63%).

13. Creditors

Amounts falling due within one year:

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Trade creditors	18	—
Amounts owed to parent undertakings	166,970	164,432
Amounts owed to fellow subsidiaries	55	55
Other creditors	48	2
Taxation	1,139	2,139
Accruals and deferred income	<u>—</u>	<u>10</u>
	<u><u>168,230</u></u>	<u><u>166,638</u></u>

NOTES TO THE FINANCIAL STATEMENTS

14. Loans and obligations under leases

Loans repayable and obligations under leases, included within lease liabilities, are analysed as follows:

Within 1 year

	2019			2018		
	Loans	Lease liabilities	Total	Loans	Lease liabilities	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Not wholly repayable	—	876	876	—	1,234	1,234
	—	876	876	—	1,234	1,234

After 1 year

	2019			2018		
	Loans	Lease liabilities	Total	Loans	Lease liabilities	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Not wholly repayable	—	4,873	4,873	—	6,404	6,404
	—	4,873	4,873	—	6,404	6,404

The amounts presented for 2019 relate to the maturity of lease liabilities under IFRS 16. The amounts presented for 2018 represent finance leases accounted for under IAS 17.

15. Leases

The company leases a number of assets as part of its activities. This primarily includes FPSO (floating, production, storage, offtake) and transportation services. The weighted average remaining lease term for the total lease portfolio is around 6 years. Some leases will have payments that vary with market interest or inflation rates.

	2019
	\$000
Short-term lease expense	—
Expense for variable payments not included in the lease liability	708
Additions to right-of-use assets in the period	—
Total cash outflow for amounts included in lease liabilities ^a	1,115

^a The cash outflows for amounts not included in lease liabilities approximate the income statement expense disclosed above.

An analysis of right-of-use assets and depreciation is provided in Note 10. An analysis of lease interest expense is provided in Note 7.

NOTES TO THE FINANCIAL STATEMENTS**16. Other provisions**

	<u>Decommissioning</u>	<u>Total</u>
	\$000	\$000
At 1 January 2019	37,222	37,222
New or increased provisions:		
Recognized within tangible assets (Note 10)	2,057	2,057
Unwinding of discount	1,027	1,027
At 31 December 2019	<u>40,306</u>	<u>40,306</u>
At 31 December 2019		
Current	403	403
Non-current	39,903	39,903
	<u>40,306</u>	<u>40,306</u>
At 31 December 2018		
Current	66	66
Non-current	37,156	37,156
	<u>37,222</u>	<u>37,222</u>

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

17. Called up share capital

	<u>2019</u>	<u>2018</u>
	\$000	\$000
Issued and fully paid:		
8,691,157 ordinary shares of £1 each for a total nominal value of £8,691,157	<u>16,698</u>	<u>16,698</u>

18. Reserves*Called up share capital*

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

Profit and loss account

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

19. Capital commitments

Authorized and contracted future capital expenditure (excluding right-of-use assets) by the company for which contracts had been placed but not provided in the financial statements at 31 December 2019 is estimated at \$326,389 (2018: \$nil).

NOTES TO THE FINANCIAL STATEMENTS**20. 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.

21. Post balance sheet event(s)

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

On 15 June 2020 BP issued a press release detailing revised investment appraisal long-term oil and gas price assumptions used in tangible assets impairment testing. The revised long-term price assumptions used to determine recoverable amount based on value-in-use impairment tests are an average of \$55/bbl for Brent and \$2.90 per MMBtu for Henry Hub for the period of 2021-2025 (in 2020 prices). BP is also reviewing its intent to develop some of its exploration prospects and consequently is assessing the carrying values of the group's intangible assets. Estimation of potential tangible and exploration and appraisal asset impairment charges related to the company's assets is in progress and therefore it is not currently possible to reliably determine the impact of the revised impairment testing price assumptions on the company's tangible asset and related disclosures, or to determine the outcome of the assessment of intangible assets. These revisions and impairments relate to events and circumstances arising since 31 December and therefore the impact on Amoco (Fiddich) Limited will be included in the financial statements for the year ended 31 December 2020. (The company has no intangible assets as of 31 December 2019).

On 27 March 2020, the Foinaven field Operator (Britoil Limited, a fellow subsidiary of bp plc) entered into a new bareboat charter contract with Teekay Corporation for the Foinaven floating production, storage and offloading (FPSO) unit for up to 10 years. Under the terms of the contract, an upfront payment of \$66 million was paid to Teekay by the Operator. The contracts introduce a new contractual framework for the FPSO's operating services and shuttle tanker provision, giving the Foinaven partners a greater influence over the strategic direction of operations out to at least 2025.

22. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is Amoco (U.K.) Exploration Company, LLC, 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.