BP AFRICA LIMITED
(Registered No.01030652)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

Board of Directors: A N Jensen

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2020.

STRATEGIC REPORT

Results

The profit for the year after taxation was $183,361 which, when added to the retained profit brought forward at 1 January 2020 of $9,005,763, gives a total retained profit carried forward at 31 December 2020 of $9,189,124.

Principal activity and review of the business

The company is an investment holding company and its main investment is in BP Mocambique Limited and BP Mocambique Limitada.

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

	2020	2019	Variance
	$	$	%
Operating loss	(7,322)	(41,725,525)	(100)
Profit/(loss) for the financial year	183,361	(40,604,692)	(100)
Total equity	9,189,127	9,005,766	2

	2020	2019	Variance
	%	%	%
Quick ratio*	107	109	(2)

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

The significant decrease in operating loss is largely due to impairment of investment and loan recognised in the previous year. The profit for the financial year is attributable to foreign exchange gains and interest income received from Internal Financing Account (IFA) with BP International Limited which is partially offset by the loss from the settlement of claims related to a prior disposal.

Section 172 (1) statement

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

The role of the board of directors of the company plays an integral part in demonstrating how the directors have had regard to the matters set out in section 172(1). During the course of the year the following primary tasks were undertaken by the board of directors of the company:

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

In light of the role of the board, and their primary tasks and considerations throughout the year (as described above), the directors have discharged their duties under section 172(1) in a way that they considered, in good faith, is most likely to promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders, as required by the Act. In doing so, the directors have considered, amongst other matters:

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.

The directors also considered the interests of a wider set of stakeholders. Further information on the process behind how the BP p.l.c. board makes decisions that affect the stakeholders of its subsidiaries, including the company, can be found on pages 82 to 83 of BP p.l.c.'s Annual Report and Form 20-F 2020.

To support the directors in the discharge of their duties, and whilst making decisions on behalf of the company, the directors have access to bp central functions assurance support to identify matters which may have an impact on the proposed decision including, where relevant, the section 172 factors outlined above. To ensure the efficiency and effectiveness of engagement with key stakeholders identified by the company, certain stakeholder engagement is led by the bp group, particularly where the impact of a decision may impact the group's reputation.

Stakeholders
The directors believe that engagement with its shareholders and wider stakeholder groups plays a vital role throughout bp's business. During 2020, the directors reiterated their focus on engagement with key stakeholders, as well as an increased focus on environment, social and governance ("ESG") matters. The following outlines key stakeholders identified by the bp group and the company, where relevant, and how their interests were taken into consideration during the decision making process where appropriate.

Shareholders
The directors identify that engagement with shareholders is of key importance to the ongoing success of the company and, as such, when taking decisions, the directors had regard to the company's shareholders with regard to long-term value.

Section 172 (1) statement (continued)

Community and environment

bp consults with communities, NGOs, academics and industry associations about the future of bp, with regard to the environment and social matters and the issues facing the world, drawing on their external expertise, input and challenge. In 2020 this included providing input to the EU methane strategy and supported the UK government's planned phase out of internal combustion engines.

In 2020 bp developed its updated position on biodiversity and new measures to help restore, maintain and enhance nature with input and constructive challenge from international nature and conservation organizations and experts including Conservation International, Fauna & Flora International (FFI), UNESCO and IUCN.

bp also updated its business and human rights policy in 2020 to address emerging human rights issues relevant to our industry, clarify our human rights commitments and communicate how bp's approach to managing human rights impacts has advanced. The update was supported by consultations with a wide range of NGOs, subject matter experts and investors.

Maintaining a reputation for high standards of business conduct

In 2020 bp launched its new sustainability frame, aims and objectives linked to the UN Sustainable Development Goals. bp's values of safety, respect, excellence, courage and one team define how the group, including the company and its board of directors, conduct business. Furthermore, bp's code of conduct is based upon its values and it sets clear expectations for how bp, the company and the relevant board of directors operate. The directors of the company continued to adhere, in good faith, to the bp code of conduct during the year, to ensure the board and the company maintained a reputation for high standards of business conduct.

bp's code of conduct includes prohibitions on engaging in bribery or corruption in any form, in accordance with bp's group-wide anti-bribery and corruption policy and procedures. During the year, bp continued to engage suppliers and communicate expectations for managing bribery and corruption risk on behalf of bp, where relevant, for example the customer & products business delivered a regional annual contractor forum digitally, providing awareness of bribery and corruption risks.

Stakeholder considerations have been especially pertinent during the COVID-19 pandemic, whereby the bp group and the company, where relevant, has strived to keep its business viable for its shareholders and other stakeholders.

The company's principal decisions

During the period 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 2020.

Strategic and commercial risks

Geopolitical
The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment could cause business disruption. These may in turn limit the company's ability to pursue new opportunities, affect the recoverability of its assets or cause it to incur additional costs. Political instability, changes to the regulatory environment or taxation, international trade disputes and barriers to free trade, international sanctions, expropriation or nationalization of property, civil strife, strikes, insurrections, acts of terrorism, acts of war and public health situations (including the continued impact of the COVID-19 pandemic or a future epidemic or pandemic) may disrupt or curtail its operations or development activities.

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 and have not identified any significant risk to the business.

The impact of coronavirus (COVID-19)
The spread of COVID-19 has caused significant volatility in the oil and gas prices and refining margins. bp's future financial performance will be impacted by the extent and duration of the current market conditions and the effectiveness of the actions that it and others take, including its financial interventions. bp's financial frame is designed to be robust to periods of low price, with flexibility to reduce cost and capital expenditure if required. We continue to assess the impact of COVID-19 on our operations and have instigated appropriate mitigation plans.

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

Compliance and control risks

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

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

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

The impact of reinventing bp on the organization
Last year it was announced that we are reinventing bp to help deliver our ambition. This significant reorganization includes a new structure, a new leadership team, new ways of working and a reduction in the size of bp's office based workforce. The risks associated with these changes have been identified, assessed and managed with the support of project management offices. As part of bp's three lines of defence, our businesses, integrators, enablers and internal audit are working to deliver clear accountabilities and the associated planned workload reduction. All individuals changing roles or leaving bp are required to complete a management of change.

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates and interest rates. Further details on these financial risks are included within Note 29 of the bp group Annual Report and Form 20-F for the year ended 31 December 2020.

Authorized for issue on behalf of the Board

A N Jensen
Director

Registered Office:
Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

Directors

The present directors are listed on page 1.

Changes since 1 January 2020 are as follows:

	Appointed	Resigned
A N Jensen	31 August 2020	—
G J J Moeyens	—	31 August 2020

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 (2019 $Nil). The directors do not propose the payment of a dividend.

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

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 3-5, 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.

Since 1 January 2020, there has been significant volatility in the oil and gas prices and refining margins, 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 company has ongoing funding arrangements with BP International Limited to manage its working capital as well as investing activities. The directors' assessment has taken into account the ability of both the company and BP International Limited as the principal company supporting the funding arrangements to ensure availability of funds at least twelve months from the date of approval of these financial statements.

In assessing the prospects of BP Africa 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.

Going concern (continued)

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

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

It is the intention of the directors that the business of the company will continue for the foreseeable future.

Stakeholder statement

Engagement with other stakeholders

The board of directors of the company aims to foster enduring relationships with governments, customers, partners, suppliers and communities in the countries where it operates. The directors work with business partners in an honest, respectful and responsible way and seek to work with others who share the company's commitments to safety and ethics and compliance.

The company's activities, and the decisions of its directors, affect a wide variety of individuals and organizations. The directors engage with these stakeholders and listen to their differing needs and priorities as an everyday part of business, utilising the input and feedback to inform the directors' decision making process on behalf of the company.

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

During the year the directors continued with the implementation of the company's strategy, as highlighted in the strategic report in respect of the principal activities of the company, and decisions made by the directors were in respect of operational matters, in furtherance of the bp group purpose.

Auditors

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

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

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

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

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

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

Authorized for issue on behalf of the Board

A N Jensen
Director

Registered Office:
Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BP AFRICA LIMITED

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

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

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BP AFRICA LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of BP Africa Limited (the company):

- give a true and fair view of the state of the company’s affairs as at 31 December 2020 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 18.

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

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

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. .

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

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

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

We have nothing to report in respect of these matters.

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

Giles Murphy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP Statutory Auditor
London, United Kingdom

DTT

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

BP AFRICA LIMITED

	Note	2020 $	2019 $
Other operating income		48,067	539,275
Loss on sale or termination of operations	**5**	(55,389)	(328,792)
Impairment of investments	**9**	—	(31,719,034)
Impairment of loan	**10**	—	(10,216,974)
Operating loss	**3**	(7,322)	(41,725,525)
Interest receivable and similar income	**6**	190,683	1,120,833
Profit / (loss) before taxation		183,361	(40,604,692)
Tax on profit	**7**	—	—
Profit / (loss) for the financial year		183,361	(40,604,692)

The profit of $183,361 for the year ended 31 December 2020 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020

BP AFRICA LIMITED
(Registered No.01030652)

	Note	2020 $	2019 $
Fixed assets			
Investments	**9**	9,648,210	9,648,210
Current assets			
Debtors: amounts falling due within one year	**10**	50,025,856	50,188,709
Creditors: amounts falling due within one year	**11**	(46,857,862)	(46,243,869)
Net current assets		3,167,994	3,944,840
TOTAL ASSETS LESS CURRENT LIABILITIES		12,816,204	13,593,050
Provisions for liabilities and charges			
Other provisions	**13**	(3,627,077)	(4,587,284)
NET ASSETS		9,189,127	9,005,766
Capital and reserves			
Called up share capital	**14**	3	3
Profit and loss account	**15**	9,189,124	9,005,763
TOTAL EQUITY		9,189,127	9,005,766

Authorized for issue on behalf of the Board

A N Jensen
Director

DTT

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

BP AFRICA LIMITED

	Called up share capital (Note 14)	Profit and loss account (Note 15)	Total
	$	$	$
Balance at 1 January 2019	3	49,610,455	49,610,458
Loss for the financial year, representing total comprehensive income	—	(40,604,692)	(40,604,692)
Balance at 31 December 2019	3	9,005,763	9,005,766
Profit for the financial year, representing total comprehensive income	—	183,361	183,361
Balance at 31 December 2020	3	9,189,124	9,189,127

DTT

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

The financial statements of BP Africa Limited for the year ended 31 December 2020 were approved by the board of directors on and the balance sheet was signed on the board's behalf by A N Jensen. BP Africa Limited is a private company, limited by shares incorporated, domiciled and registered in England and Wales (registered number 01030652). The company's registered office is at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the provisions of the Companies Act 2006.

2. Significant accounting policies, judgements, estimates and assumptions

The significant accounting policies and critical accounting judgements, estimates and assumptions of the company are set out below.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

These financial statements are separate financial statements. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group financial statements of BP p.l.c. Details of the parent in whose consolidated financial statements the company is included are shown in Note 18 to the financial statements.

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 paragraph 79(a)(iv) of IAS 1
(e) the requirements of IAS 7 Statement of Cash Flows
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective
(g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
(h) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
(i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 18.

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

Basis of preparation (continued)

The financial statements are presented in US dollars and all values are rounded to the nearest whole number in dollars ($).

Significant accounting policies: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used. The accounting judgements and estimates that have a significant impact on the results of the company are set out within the boxed text below, and should be read in conjunction with the information provided in the Notes to the financial statements.

The areas requiring the most significant judgement and estimation in the preparation of the financial statements are: impairment of investments and provisions.

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

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

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

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

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.

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

Foreign currency (continued)

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

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

Investments

Fixed asset investments in subsidiaries are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Significant judgements and estimates: impairment of investments

Determination as to whether, and how much, an investment is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas and refined products.

Management judgement is required to determine whether an indicator of potential impairment exists in relation to the company's investments. No such indicators have been identified during the current year and therefore no impairment test has needed to be performed. Accordingly, the recoverable amount of the investment has not needed to be estimated, nor any assumptions made, and no sensitivity analysis has been required. Details of the carrying value of the investments are provided in Note 9.

Financial assets

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

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

Financial assets measured at amortized cost

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

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

Impairment of financial assets measured at amortized cost

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

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

Financial liabilities

The measurement of financial liabilities is as follows:

Financial liabilities measured at amortized cost
Financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortized cost. This category of financial liabilities includes other payables and finance debt.

Offsetting of financial assets and liabilities

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

Provisions and contingent liabilities

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized in the profit and loss account. Provisions are discounted using a nominal discount rate of 2.5% (2019 2.5%).

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

Provisions and contingent liabilities (continued)

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.

Significant judgements and estimates: provisions

The company holds provisions for tax audit completion for period prior to the economic date for the disposal of the company's downstream interests in Tanzania and Zambia. Of the total provisions, $900,000 have been classified as accruals as they are expected to be paid within one year with remaining amounts included within provisions as they are less certain and not expected to be settled within one year. 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 the provision.

The company performs periodic reviews of the status of the provision for any changes in facts and circumstances that might require changes to the provision amount recognized.

The provision for tax audit is estimated based on estimation prepared by local tax agent. Actual costs and cash outflows can differ from current estimates because of changes in Laws and regulations and outcome of the tax audit.

The timing and amount of future expenditures relating to the tax audit liabilities are reviewed annually. Further information on the company's provisions is provided in Note 13. Changes in assumptions in relation to the company's provisions could result in a material change in their carrying amounts within the next financial year.

Taxation

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

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

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

Interest income

Interest income is recognized as the interest accrues.

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

Exceptional items

The company discloses as exceptional items those material items impacting the profit and loss account which, because of the nature and expected infrequency of the events giving rise to them, merit separate disclosure to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Updates to significant accounting policies

Impact of new International Financial Reporting Standards

bp adopted 'Interest Rate Benchmark Reform – Phase I – Amendments to IFRS 9 'Financial instruments' and IFRS 7 'Financial instruments: Disclosures' with effect from 1 January 2020. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the company's financial statements.

The adoption of 'Interest Rate Benchmark Reform – Phase I – Amendments to IFRS 9 'Financial instruments' and IFRS 7 'Financial instruments: Disclosures' has had no material impact on the company's financial statements.

3. Operating loss

This is stated after charging / (crediting):

	2020	2019
	$	$
Net foreign exchange gains	48,067	539,275
Impairment of investments	—	(31,719,034)
Impairment of loan	—	(10,216,974)

4. Auditor's remuneration

	2020	2019
	$	$
Fees for the audit of the company	14,339	20,591

Fees paid to the company's auditor, Deloitte LLP and its associates for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of BP Africa 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.

5. Exceptional items

Loss on termination of operations

Exceptional items comprise the loss arising from the termination of operations in prior years as follows:

	2020	2019
	$	$
Divestment expenditure	(70,118)	(328,792)
Write-back of unused provisions	14,729	—
Loss on termination of operations (net of tax)	(55,389)	(328,792)

There is no tax effect on this loss on termination of operations.

6. Interest receivable and similar income

	2020	2019
	$	$
Interest income from amounts owed by group undertakings	190,683	1,120,833

7. Taxation

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

Reconciliation of the effective tax rate

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2020 (2019 19%). The differences are reconciled below:

	2020	2019
	$	$
Profit / (loss) before taxation	183,361	(40,604,692)
Tax charge	—	—
Effective tax rate	— %	— %

	2020	2019
	%	%
UK statutory corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Non-deductible expenditure	(4)	(19)
Free group relief	47	—
Transfer pricing adjustment	(62)	—
Effective tax rate	—	—

Change in corporation tax rate
A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Deferred tax assets at 31 December 2020 have been calculated at 19% (2019: 17%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The impact on deferred tax has not been calculated as the company has no deferred tax, recognised or unrecognised, within its balance sheet.

8. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2019 $Nil).

(b) Employee costs

The company had no employees during the year (2019 None).

9. Investments

	Investment in subsidiaries
Cost	$
At 1 January 2019	41,367,244
At 31 December 2019	41,367,244
At 1 January 2020	41,367,244
At 31 December 2020	41,367,244
Impairment losses	
At 1 January 2019	—
Charge for the year	(31,719,034)
At 31 December 2019	(31,719,034)
At 1 January 2020	(31,719,034)
At 31 December 2020	(31,719,034)
Net book amount	
At 31 December 2020	9,648,210
At 31 December 2019	9,648,210

The investments in subsidiaries are all stated at cost less provision for impairment.

The investments in the subsidiaries are unlisted.

The subsidiary undertakings of the company at 31 December 2020 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

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

9. Investments (continued)

Subsidiary undertakings

Company name	Class of share held	%	Registered address	Principal activity
BP Mocambique Limited	Ordinary shares	100	Chertsey Road, Sunbury on Thames, Middlesex, TWI6 7BP, United Kingdom	Dormant
BP Mocambique Limitada	Ordinary shares	98.27	Society and Geography Avenue, Plot No.269, Third Floor, Maputo, Mozambique.	Marketing

Significant holdings in undertakings other than subsidiary undertakings

In accordance with Section 409 of the Companies Act 2006, disclosed below is a full list of related undertakings in which the company holds an interest of 20% or greater not already disclosed above.

Related undertaking	Holding %	Registered address	Direct / Indirect
Central African Petroleum Refineries (Pvt) Ltd	20.75	Block 1, Tendeseka Office Park, Samora Machel Av/Renfrew Road, Harare, Zimbabwe	Direct
Maputo International Airport Fuelling Services (MIAFS) Limitada	50.00	Praca Dos Trabalhadores, Nr 09, Distrito Urbano 1, Maputo, Mozambique	Indirect
SAMCOL - Sociedade de Armazenamento e Manuseamento de Combustiveis Liquidos, Limitada	50.00	Parcela 729, via onze mil cento e trinta numero cento e qua, Matola Lingamo	Indirect

10. Debtors

Amounts falling due within one year:

	2020	2019
	$	$
Amounts owed from parent undertakings	49,436,242	49,599,095
Amounts owed from fellow subsidiaries	589,614	589,614
	50,025,856	50,188,709

The amounts owed from parent undertakings comprise Internal Financing Account (IFA) of $49,436,242 (2019 $49,599,095). Interest is accrued on a monthly basis based on USD daily overnight LIBOR. The interest rate at year end was LIBOR minus 11 basis points (2019 LIBOR minus 11 basis points). Whilst IFA balances are legally repayable on demand, in practice they have no termination date.

The amounts owed from fellow subsidiaries comprise guarantee fee of $566,291 received from BP Mocambique Limitada for financial guarantee provided by the company and letter of credit fees of $23,323 due from BP Southern Africa (Pty) Limited.

The interest free and unsecured US Dollar-denominated debenture notes totalling $10,216,974 issued to BP Mocambique Limitada have been fully impaired in prior year.

11. Creditors

Amounts falling due within one year:

	2020	2019
	$	$
Amounts owed to fellow subsidiaries	35,740,888	36,026,895
Accruals	900,000	—
Loans (Note 12)	10,216,974	10,216,974
	46,857,862	46,243,869

12. Loans

Loans repayable, included within creditors, are analysed as follows:

Within 5 years

	2020	2019
	$	$
Wholly repayable	10,216,974	10,216,974

The amount payable within five years includes an interest free US Dollar-denominated loan at a value of $10,216,974 (2019 $10,216,974) from BP Mocambique Limited and is repayable on a date as may be agreed between the parties.

13. Other provisions

	Direct & Indirect Tax
	$
At 1 January 2020	4,587,284
Utilization	(900,000)
Write-back of unused provisions	(14,729)
Exchange adjustments	(45,478)
At 31 December 2020	3,627,077
At 31 December 2020	
Current	—
Non-current	3,627,077
	3,627,077
At 31 December 2019	
Current	—
Non-current	4,587,284
	4,587,284

Provisions totalling $900,000 have been utilised as the company has reached a settlement for part of the claims, as the settlement was not paid until post year end the liability is shown within accruals. The remaining provision of $3,627,077 relates to tax matters before the sale of operations. $1,025,059 pertains to a corporate income tax assessment in Tanzania which is still under appeal. $2,602,018 relates to tax claims in Zambia and although the company is expecting a waiver from the government, as no formal confirmation has yet been received the provision is retained.

14. Called up share capital

	2020	2019
	$	$
Issued and fully paid:		
2 ordinary shares of £1 each for a total nominal value of £2	3	3

15. 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.

16. 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.

17. Contingent liabilities

Zambia Acid Pits Litigation

On 13 March 2012, a claim was issued in the Zambian High Court in Lusaka by 94 individual plaintiffs and a Zambian NGO (the Centre for Trade, Policy and Development). The defendants to the claim are (1) Puma Energy Zambia Plc (Puma); and (2) Zambia Environmental Management Agency. The Plaintiffs alleged that as a result of unlawful dumping of acid tars in three separate sites over a number of years from the 1970s onwards, they have suffered losses as a result of pollution and general contamination of the surrounding environment. The plaintiffs seek (unquantified) damages and various orders for remediation of the sites. Although a bp-owned entity is not a direct defendant in the litigation, in a separate arrangement as part of the sale process, BP Africa Limited agreed to indemnify Puma in respect of any claims arising out of the events pleaded in the claim. Consequently, bp is financially liable for any damages awarded to the claimants. There is also clear potential for reputational harm.

The Claimants have filed an application challenging the involvement of Puma/bp's counsel in the matter. A judgement on the application was received in July 2017 and was resolved in Puma's favour. The Claimants have appealed to the decision, which appeal was dismissed in July 2018 but the Claimants have filed a further motion for an order to vary, discharge or reverse the ruling of the court of appeal which has been opposed by Puma/bp. bp has separately filed applications seeking to strike out the claim or, in the alternative, an order that further and better particulars of the claim are provided. These applications are pending.

bp continues to have insufficient detail as to the nature and quantum of the claims to enable it to form a view on the extent of any exposure.

17. Contingent liabilities (continued)

Outstanding Tax Audits

The company remains liable for settlement of tax audit issues for periods prior to the economic date for the disposal of the company's downstream interests in Tanzania. Potential liabilities remain until these audits are formally closed. An appeal has been lodged against the corporate income tax assessment. VAT, PAYE and withholding tax assessments were subject to a successful amnesty application.

The company has provided for those years where the liability can reliably be estimated. The tax audits also cover years where no amounts have been provided as the management is of the opinion that there will be no outflow of resources.

18. Immediate and ultimate controlling parent undertaking

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