BP CAPITAL MARKETS P.L.C.

(Registered No.01290444)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

Board of Directors: D J Bucknall
K A Thomson
J A Hodgson
R Wheatley

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 $162 million which, when deducted from the accumulated loss brought forward at 1 January 2019 of $34 million, gives a total accumulated profit carried forward at 31 December 2019 of $128 million.

Principal activity and review of the business

The company acts as a finance company issuing debt securities and commercial paper. The development of the company is largely determined by the financing requirements of the BP group.

To meet the cash funding requirements of the group, BP Capital Markets p.l.c. has issued in the year new bonds with a total nominal value of $5.0 billion, whilst existing bonds reaching maturity have been repaid with a total nominal value of $5.4 billion.

There has been a net issue of commercial paper in the year with a nominal value of $0.3 billion. The foreign exchange gain on bonds was $0.1 billion, which is offset by an equal foreign exchange on loans receivable. Finance debt at the end of the year was $44.6 billion (2018 $45.0 billion).

Proceeds received by BP Capital Markets p.l.c. from external bond issuances are deposited with BP International Limited, a fully owned subsidiary of BP p.l.c. BP Capital Markets p.l.c. earns interest income on these deposits.

Profit after tax for the year was $162 million, compared with a profit of $195 million in the prior year. The profit or loss arises due to small differences between the timing and terms of the external borrowings from banks and the deposits with BP International Limited.

No other key financial or other performance indicators have been identified for this company.

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

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.

Liquidity, financial capacity and financial, including credit, exposure
Failure to work within the financial framework set by the BP group could impact the company's ability to operate and result in financial loss.

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 regulatory and legislative environment could increase the cost of compliance and limit the company's access to new growth opportunities.

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

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

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates and interest rates, liquidity risk and credit risk. 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

DocuSigned by:

B446D86F6AC74B6...

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

2 July 2020

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

DIRECTORS' REPORT

BP CAPITAL MARKETS P.L.C.

Directors

The present directors are listed on page 1.

Changes since 1 January 2019 are as follows:

	Appointed	Resigned
M F Giles	—	28 February 2019
B Gilvary	—	8 July 2019
R Wheatley	1 March 2019	—
D J Bucknall	8 July 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 $0). 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.

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 17 June 2020, the company issued $11.9 billion equivalent of multi-currency hybrid bonds. These are perpetual bonds with no contractual maturity date.

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 3-4, 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.

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.

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. Price assumptions used in the group's review reflect management's best estimates for a going concern assessment as at the time of approval of these financial statements and include scenarios where those assumptions have been stress tested.

At 31 December 2019 the company's balance sheet had net assets of $1billion, but net current liabilities amounting to $17 billion. Repayment of those liabilities as they fall due can utilize the overall funding arrangements of the BP group, or the company raising new debt in the bond markets.

Proceeds received by BP Capital Markets p.l.c. from external borrowings via the international bond market are deposited with BP International Ltd (BPI), a fully owned subsidiary of BP p.l.c., with the same maturity profiles and on similar terms. As the principal in-house bank for the BP group, BPI has very strong access to callable funds which provides assurance to BP businesses that have deficit balances that there is no likelihood that their debt should be called. Similarly, entities holding a surplus with BPI can be confident that access to their funds, called at short notice, could confidently be expected. During April 2020, at a low oil price and with the impacts of COVID-19 evident in financial markets, the company was able to raise $3.5bn in the bond market. In June 2020 the company raised an additional $11.9 billion equivalent of multi-currency hybrid bonds. The success of these recent issues evidence the company's continuing ability to raise funds and meet its liabilities as they fall due.

In assessing the prospects of BP Capital Markets p.l.c., 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 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 company aims to build enduring relationships with governments, customers, partners, suppliers and communities in the countries where it operates. The company works with its business partners in an honest, respectful and responsible way and seeks to work with others who share the company's commitments to safety and ethics and compliance.

The company's activities affect a wide variety of individuals and organizations. The company engages with these stakeholders and listens to their differing needs and priorities as an everyday part of its business and uses the input and feedback to inform its decision making process.

On behalf of the company, the BP group participates in 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.

Audit Committee

The company is exempt from the requirement to have an audit committee as it is a subsidiary of BP p.l.c., a listed company with its own audit committee.

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

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

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

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

Authorized for issue by Order of the Board

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

DocuSigned by:
B446D86E6AC74B6
2 July 2020

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

BP CAPITAL MARKETS P.L.C.

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 CAPITAL MARKETS P.L.C.

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Entity name here (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 16.

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

2. 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was Going Concern.
Materiality	The materiality that we used in the current year was $446.2m which was determined on the basis of 1% of the entity's finance debt.
Scoping	Audit work to respond to the risks of material misstatements was directly performed by the engagement team.
Significant changes in our approach	In the prior year, the key audit matter related to the transfer of finance debt from the company to another BP entity. This is not a key audit matter in the current year as the debt was derecognised in the prior year. We have identified going concern as our key audit matter in the current year given the resources allocated to auditing going concern, particularly the impact of Covid-19 and volatility in oil and gas prices.

4. 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Going concern

Key audit matter description	We note that the decline in oil prices to historically low levels and the recessionary impact of Covid-19 have led us to increase our testing over going concern. The increased requirements for auditors in terms of the procedures they need to perform to challenge management's assessment of the company being a going concern have led us to make it a key audit matter for our engagement. IAS 1 requires management to make an assessment of the entity's ability to continue as a going concern. Management's assessment of the entity's ability to continue as a going concern involves making a judgement, at a particular point in time, about inherently uncertain future outcomes of events or conditions. The following factors are relevant to that judgement: • The degree of uncertainty associated with the outcome of an event or condition increases significantly the further in to the future an event or condition or the outcome occurs; • The size and complexity of the entity, including the nature and condition of its business and the degree to which it is affected by external factors affect the judgement regarding the outcome of events or conditions; and • Any judgement about the future is based on information available at the time at which the judgement is made. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made. These have been disclosed further in the significant accounting policies within Note 2 of the disclosures to these accounts. The Group operates a centralised funding model and in assessing Going Concern, management makes an assumption that the entity can access group funding as and when required. Additionally, management relies on the Group Going Concern assessment to demonstrate that the forecasts made at a Group level are robust enough to support the entity for at least the next 12 months.
How the scope of our audit responded to the key audit matter	The audit team performed the following steps to ensure that the going concern was appropriately considered for the company. Our procedures included: • Obtained the entity's Going Concern assessment which included analysis of the central BP plc group funding model and the BP plc group Going Concern analysis. This enabled us to tie details within the assessment to our understanding of how the entity operates within the group. • Verified management's assertion that their ability to access central funding as and when needed was indeed in line with our understanding of the BP plc group and the intercompany debt arrangements. The audit team reviewed the agreements that were in place which further strengthens our belief that the company can pay off its liabilities in the next 12 months. Whilst the company is in a net current liability position, we assessed whether the company would be able to issue debt to repay its liabilities. • Our assessment took into account the bonds issued to the market in April 2020 and June 2020 despite the low oil prices and the general impact of Covid-19. • We reviewed and challenged the BP plc group Going Concern assessment, reperforming the group's stress test calculation using audited inputs. We also obtained the going concern cash flow forecasts, which run to the end of August 2021, and performed an assessment over key inputs into the forecasts. • We reviewed the disclosure provided to assess whether it provides sufficient information to allow users of the financial statements to understand the reasons why the directors have concluded that it is appropriate to adopt the going concern basis, challenging management to provide the adequate level of disclosure.
Key observations	Based on the procedures performed and evidence obtained, we found the company's assumptions, judgements and approach to concluding that adopting the going concern basis continues to be appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	$446.2m (2018: $225.02m)
Basis for determining materiality	1% of finance debt (2018: 0.5%)
Rationale for the benchmark applied	The company's primary purpose is to issue debt for BP plc to help meet the Group's funding requirements. We believe that external finance debt thus serves as the main driver of the entity's activity and is key to users of the financial statements, making it the most relevant base for materiality. We increased the percentage basis this year as it is now our second year on the engagement and due to the low level of misstatements in the prior year.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 65% of materiality for the 2019 audit. In determining performance materiality, we considered our assessment of the entity's control environment, our understanding of the entity and the entity's role of issuing debt for the group. We also considered the low level of corrected and uncorrected misstatements identified in the previous audit.

6.3. Error reporting threshold

We agreed with those charged with governance that we would report to them all audit differences in excess of $22.3m (2018: $4.5m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The basis of our error reporting threshold being increased reflects the low level of corrected and uncorrected misstatements identified in the previous audit and our increased understanding of the business. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal controls, and assessing the risks of material misstatement. Our risk assessment included considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. 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.

9. 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.

10. 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.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- obtaining an understanding of the legal and regulatory framework that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006 and tax legislation.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings held by the directors; and in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- we performed procedures to test the completeness, accuracy, validity and existence of internal and external debt arrangements;
- we performed procedures to test the payment and receipt of cash flows made for the external debt arrangements in the reporting period; and
- we performed procedures to test the receipt of cash flows received under the external debt issuances made by the entity in April 2020 and June 2020.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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
- 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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of these matters.

14. Other matters

14.1. Audit tenure

The directors passed a resolution to appoint Deloitte as auditors for BP Capital Markets PLC. The appointment took place on 11 December 2018 for the audit of the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ending 31 December 2018 to 31 December 2019.

14.2. Consistency of the audit report with the additional report to those charged with governance

Our audit opinion is consistent with the additional report to those charged with governance we are required to provide in accordance with ISAs (UK).

15. 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:

Tom Millar

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3/7/2020

Tom Millar (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

BP CAPITAL MARKETS P.L.C.

	Note	2019	2018
		$m	$m
Administrative expenses	3	30	(14)
Profit on disposal of finance debt	5	—	192
Operating profit	3	30	178
Interest receivable and similar income	6	1,451	1,628
Interest payable and similar expenses	7	(1,319)	(1,611)
Profit before taxation		162	195
Tax on profit	8	—	—
Profit for the year		162	195

The profit of $162 million 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

BP CAPITAL MARKETS P.L.C.

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

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BALANCE SHEET

AT 31 DECEMBER 2019

BP CAPITAL MARKETS P.L.C.

(Registered No.01290444)

	Note	2019 $m	2018 $m
Current assets			
Debtors – amounts falling due:			
within one year	10	8,120	6,484
after one year	10	45,823	48,601
Derivative and other financial instruments receivable after more than one year		77	107
		54,020	55,192
Creditors: amounts falling due within one year	11	(16,975)	(16,646)
TOTAL ASSETS LESS CURRENT LIABILITIES		37,045	38,546
Creditors: amounts falling due after more than one year	11	(35,939)	(37,572)
Derivatives and other financial instruments due after more than one year		(77)	(107)
NET ASSETS		1,029	867
Capital and reserves			
Called up share capital	12	678	678
Share premium account	13	223	223
Profit and loss account	13	128	(34)
TOTAL EQUITY		1,029	867

Authorized for issue on behalf of the Board

DocuSigned by:

Jayne Hodgson

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J A Hodgson
Director

2 July 2020

DTT

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

BP CAPITAL MARKETS P.L.C.

	Called up share capital Note 12	Share premium account Note 13	Profit and loss account Note 13	Total
	$m	$m	$m	$m
Balance at 1 January 2018	678	223	(229)	672
Profit for the year, representing total comprehensive income	—		195	195
Balance at 1 January 2019	678	223	(34)	867
Profit for the year, representing total comprehensive income	—		162	162
Balance at 31 December 2019	678	223	128	1,029

There was a clerical error in the Statement of Changes in Equity for the year ended 31 December 2018. The profit for the year was reported as $2m, instead of the $195m profit reported in the Profit and Loss account. As a result, the total Profit and loss account balance for 31 December 2018 was disclosed as -$227m. The balance at 1 January 2019 shown above has been corrected to -$34m.

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

The financial statements of BP Capital Markets p.l.c. for the year ended 31 December 2019 were approved by the board of directors on 2 July 2020 and the balance sheet was signed on the board's behalf by J A Hodgson. BP Capital Markets p.l.c. is a public limited company incorporated, domiciled and registered in England and Wales (registered number 01290444). 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 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; and
(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.

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 15.

The financial statements are presented in US dollars and all values are rounded to the nearest million dollars ($m), 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.

There were no critical accounting judgements or estimates identified that would have a significant impact on the amounts recognized in the financial statements, or create a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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.

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.

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 using the effective interest method if the time value of 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.

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.

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
All 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 respectively in interest receivable and similar income and interest payable and similar charges. This category of financial liabilities includes trade and other payables and finance debt.

Derivative financial instruments

The company uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices as well as for trading purposes. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or BP’s assumptions about pricing by market participants.

Offsetting of financial assets and liabilities

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

Taxation

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

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

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

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.

Interest expense

All interest expenses are recognised 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.

The adoption of IFRS 16 has had no impact on the company's accounts.

3. Operating Profit

	2019	2018
	$m	**$m**
IFRS 9 Estimated credit Loss Adjustment[a]	30	(14)
Profit on disposal of finance debt		192
	30	**178**

[a] Amount is included in Administrative expenses

4. Auditor's remuneration

	2019	2018
	$000	$000
Fees for the audit of the company	23	23

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 Capital Markets p.l.c.'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

On 12 December 2018, $10.5 billion of notes previously issued by BP Capital Markets p.l.c were exchanged for new notes issued by BP Capital Markets America Inc. in order to optimize the BP group's capital structure and align revenue generation to indebtedness. This exchange had no impact on the amounts recognised in 2019.

There is no tax effect on this transaction.

6. Interest receivable and similar income

	2019	2018
	$m	$m
Interest income from amounts owed by parent undertakings	1,451	1,628

The sole class of business of the company during the year was issuing debt securities and commercial paper. These debt proceeds are deposited with BP International Limited whereby the company generates interest income. The geographical segment from which the company's income is generated is the United Kingdom.

7. Interest payable and similar expenses

	2019	2018
	$m	$m
Interest expense on:		
Overdraft from group undertakings	1,244	1,528
Guarantee fee from group undertakings	75	83
Total interest payable and similar expenses	1,319	1,611

8. 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 2019 (2018 19%). The differences are reconciled below:

	2019	2018
	$m	$m
Profit / (loss) before taxation	162	195
Tax charge / (credit)	—	—
Effective tax rate	0%	0%

	2019	2018
	%	%
UK statutory corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Non-deductible expenditure / (non-taxable income)	(3)	1
Free group relief	(16)	(20)
Effective tax rate	0	0

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. In March 2020 the Finance Act 2020 reversed the planned reduction, maintaining the corporation tax rate at 19% which will affect the measurement of the deferred tax assets and liabilities and current tax in future years.

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. Debtors

Amounts falling due within one year:

	2019	2018
	$m	$m
Amounts owed from parent undertakings	8,120	6,484
	8,120	6,484

Amounts falling due after one year:

	2019	2018
	$m	$m
Amounts owed from parent undertakings	45,823	48,601
	53,943	55,085

Included in the debtors balance is the total expected credit loss provision per IFRS 9 of $59 million (2018 $89 million)

11. Creditors

Amounts falling due within one year:

	2019	2018
	$m	$m
Amounts owed to parent undertakings	7,893	8,782
Finance debt - borrowings	8,699	7,432
Accruals and deferred income	383	432
	16,975	16,646

Amounts falling after one year:

	2019	2018
	$m	$m
Finance debt - borrowings	35,939	37,572
	35,939	37,572
Total creditors	52,914	54,218

Borrowings are comprised of long-term bonds totalling $42,343 million (2018 $42,981 million) and issued commercial paper of $2,295 million (2018 $2,040 million). Finance debt does not include accrued interest, which is reported within accruals and deferred income.

Total finance debt of $44,638 million (2018 $45,004 million) decreased primarily due to the transaction detailed in Note 5.

(i) **Analysis of borrowings by year of repayment:**

	2019	2018
Amount repayable:	$m	$m
Within 1 year or on demand	8,699	7,432
Between 1 and 2 years	4,193	5,423
Between 2 and 5 years	15,259	14,090
Thereafter	16,487	18,059
Total	44,638	45,004

Amounts due after five years from 31 December 2019 due, either wholly or partially as defined in the various bonds have interest rates ranging from 0.8% to 4.7% with a weighted average of 2.3%. Of debts due in more than 5 years amounts due are payable up to 10 years with a weighted average of 3 years.

12. Called up share capital

	2019	2018
	$m	$m
Issued and fully paid:		
99,999,990 Ordinary Shares of £1 each for a total nominal value of £99,999,990	178	178
500,000,000 Ordinary shares of $1 each for a total nominal value of $500,000,000	500	500
	678	678

13. Reserves

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

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

Profit and loss account
The balance held on this reserve is the accumulated losses of the company.

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

14. 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.

15. Immediate and ultimate controlling parent undertaking

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

16. 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. Further details are provided in the Directors' Report. This is a non-adjusting event for the financial statements for the period ending 31 December 2019.

During April 2020, at a low oil price and with the impacts of COVID-19 evident in financial markets, the company was able to raise $3.5bn in the bond market. In June 2020 the company raised an additional $11.9

billion equivalent of multi-currency hybrid bonds. These issuance of bonds in 2020 do not constitute an adjusting event for the financial statements for the period ending 31 December 2019.