BP SUBSEA WELL RESPONSE LIMITED

(Registered No 07974282)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors J H Bartlett
G Y Burrell

REPORT OF THE DIRECTORS

The directors present their report and accounts for the period ended 31 December 2012

Results and dividends

The loss for the period after taxation was $1,787,897 which gives a total retained deficit carried forward at 31 December 2012 of $1,787,897

The company has not declared any dividends during the period The directors do not propose the payment of a dividend

Principal activity and review of the business

The company was incorporated on 2 March 2012 for the purpose of engaging in phase II of the Subsea Well Response Program Capping, Dispersant and Containment work programme The containment work programme consists of studies to be carried out by the Subsea Well Response Project Team which is led by Shell The Capping and Dispersant systems will be made available to the industry through the Oil Spill Response (Capping) Limited ("SPV") SPV was formed by Oil Spill Response Limited ("OSRL") OSRL's core business activities are to build capping and dispersal systems These systems are currently being constructed under a Joint Development Agreement between nine participating companies and OSRL SPV will be coordinating the procurement of the capping and dispersant systems, and provide storage, maintenance and transportation to the quay side

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

During the period, the company incurred administration costs charged by Shell for providing operating support to OSRL relating to the building of capping stack The financial commitments arising from the signing of the loan agreement with SPV were all recognised in these financial statements

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 at a group level Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level

We urge you to consider carefully the risks described below The potential impact of the occurrence or reoccurrence of any of the risks described below could have a material adverse effect on the company's business, financial position, results of operations competitive position, cash flows prospects, liquidity, shareholder returns and/or implementation of its strategic agenda

Company level risk has been categorised against the following area strategic and commercial, compliance and control and financial risk management In addition, we have also set out a further category of risk for your attention – those resulting from the 2010 Gulf of Mexico oil spill (the Incident)

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on BP Subsea Well Response Limited

Whilst the BP group recognised significant charges in the income statement since the Incident occurred in 2010, there is significant uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the Incident, the potential changes in applicable regulations and the operating environment that may result from the Incident, the impact of the Incident on the reputation of the group and the resulting possible impact on the group's licence to operate including its ability to access new opportunities The amount of claims that become payable by the BP group, the amount of fines ultimately levied on the BP group (including any potential determination of the BP group's negligence or gross negligence), the outcome of litigation, the terms of any further settlements including the amount and timing of any payments thereunder, and any costs arising from any longer-term environmental consequences of the Incident, will also impact upon the ultimate cost for the BP group

Although the provisions recognised represent the current best estimates of expenditures required to settle certain present obligations that can be reasonably estimated at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligations reliably and the total amounts payable by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause costs to increase Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity shareholder returns and/or implementation of its strategic agenda, particularly in the US The risks associated with the Incident could also heighten the impact of the other risks to which the group is exposed as further described below Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Strategic and commercial risks

Joint ventures and other contractual arrangements

Many of the company's major projects and operations are conducted through joint ventures or associates and through contracting and sub-contracting arrangements These arrangements often involve complex risk allocation, decision-making process and indemnification arrangements In certain cases, the company may have less control of such activities than it would have if the company had full operational control

The company's partners may have economic or business interests or objectives that are inconsistent with, or opposed to, those of the company's and may exercise veto rights to block certain key decisions or actions that the company believes are in its or the joint venture's or associate's best interest, or approve such matters without the company's consent

Additionally, the company's joint venture partners or associates or contractual counterparties are primarily responsible for the adequacy of the human or technical competencies and capabilities which they bring to bear on the joint project, and in the event these are found to be lacking the company's joint venture partners or associates may not be able to meet their financial or other obligations to their counterparties or to the relevant project, potentially threatening the viability of such projects

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Joint ventures and other contractual arrangements (continued)
Furthermore, should accidents or incidents occur in operations in which the company participates, whether as operator or otherwise, and where it is held that the company's sub-contractors or joint venture partners are legally liable to share any aspects of the cost of responding to such incidents, the financial capacity of these third parties may prove inadequate to fully indemnify the company against the costs it incurs on behalf of the joint venture or contractual arrangement Should a key sub-contractor, such as a lessor of drilling rigs, be no longer able to make these assets available to the company, this could result in serious disruption to its operations Where the company does not have operational control of a venture, the company may nonetheless still be pursued by regulators or claimants in the event of an incident

Investment efficiency
The company's organic growth is dependent on creating a portfolio of quality options and investing in the best options Ineffective investment selection and development could lead to loss of value and higher capital expenditure

Compliance and control risk

Liabilities and provisions
The BP group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had, and are expected to continue to have, a material adverse impact on the group's business and consequently may also impact the company's business. Further information is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Reporting
External reporting of financial and non-financial data is reliant on the integrity of systems and people Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation

Financial risk management

The main financial risks faced by the company through its normal business activities are interest rate risk and credit risk. The management of these financial risks is performed at BP group level The company seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss

Principal risks and uncertainties (continued)

Financial risk management (continued)

Interest rate risk
The company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally finance debt.

Credit risk
Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company It arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables The management of such risks is performed at BP group level The group has a credit policy, approved by the CFO, which is designed to ensure that consistent processes are in place throughout the group to measure and control credit risk Credit risk is considered as part of the risk-reward balance of doing business On entering into any business contract the extent to which the arrangement exposes the group to credit risk is considered. Before trading with a new counterparty can start, its creditworthiness is assessed and a credit rating allocated that indicates the probability of default, along with a credit exposure limit Creditworthiness continues to be evaluated after transactions have been initiated and a watch list of higher-risk counterparties is maintained

Commercial credit risk is measured and controlled to determine the company's total credit risk Inability to determine adequately the company's credit exposure could lead to financial loss A credit crisis affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to the company It could also affect the company's ability to raise capital to fund growth and to meet its obligations

Going Concern

The directors consider that, despite the uncertainties deriving from the current economic environment and the loss reported for the period, the company has adequate resources to continue in operational existence for the foreseeable future

BP SUBSEA WELL RESPONSE LIMITED

REPORT OF THE DIRECTORS

Directors

The present directors are listed on page 1.

Directors J H Bartlett and G Y Birrell were appointed on 2 March 2012 and served as directors throughout the financial period Changes since 2 March 2012 are as follows

	Appointed	Resigned
J C Skipper	2 March 2012	14 December 2012

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms. A copy of the code of practice may be obtained from the CBI

The number of days' purchases represented by trade creditors at the year-end was nil

Auditor

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year

BP SUBSEA WELL RESPONSE LIMITED

REPORT OF THE DIRECTORS

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

The directors who were members of the board at the tune of approvmg the duectors' report are hsted on page 1 Havmg made enqumes of fellow duectors and of the company's audıtoı, each of these du ectors confirms that·

- To the best of each duector's knowledge and behef, there ıs no ınformation relevant to the preparatıon of theır report of whıch the company's audıtor ıs unaware, and
- Each duector has taken all the steps a duector mıght reasonably be expected to have taken to be aware of relevant audıt ınformatıon and to establısh that the company's audıtor ıs aware of that ınformatıon

By Order of the Board

For and on behalf of
Sunbury Secretanes Lımıted
Company Secretary

2 JULY 2013

Regıstered Office

Chertsey Road
Sunbury on Thames
Mıddlesex
TW16 7BP
Unıted Kıngdom

BP SUBSEA WELL RESPONSE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable 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) 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 accounts, the directors are required to

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

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

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts

BP SUBSEA WELL RESPONSE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP SUBSEA WELL RESPONSE LIMITED

We have audited the financial statements of BP Subsea Well Response Limited for the period ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 13 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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

Ernst & Young LLP

William Testa (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
3 July 2013

BP SUBSEA WELL RESPONSE LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Subsea Well Response Limited were approved for issue by the Board of Directors on 21 JUNE 2013

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Foreign currency transactions

Foreign currency transactions are initially recorded in sterling by applying the exchange rate ruling on the date of transaction Foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at the balance sheet date Exchange differences are included in the profit and loss account

Interest income

Interest income is recognised on an accruals basis

Other debtors

Other debtors are carried at the original invoice amount, less allowances made for doubtful receivables Provision is made when there is objective evidence that the company will be unable to recover balances in full Balances are written off when the probability of recovery is assessed as being remote

Other creditors

Other creditors are carried at payment or settlement amounts If the effect of the time value of money is material, other creditors are determined by discounting the expected future cash flows at a pre-tax rate

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period Actual outcomes could differ from those estimates

BP SUBSEA WELL RESPONSE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2012

	Note	2 March 2012 to 31 December 2012
		$
Administration expenses		(2,099,852)
Loss on ordinary activities before interest and taxation		(2,099,852)
Interest receivable and similar income	2	311,955
Loss before taxation		(1,787,897)
Taxation	3	-
Loss for the period		(1,787,897)

The loss of $1,787,897 for the period ended 31 December 2012 was derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31 DECEMBER 2012

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of $1 787,897 for the period ended 31 December 2012

BP SUBSEA WELL RESPONSE LIMITED
(Registered No 07974282)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 $
Current assets		
Debtors – amounts falling due		
within one year	5	9,008,351
after one year	5	14,655,000
		23,663,351
Creditors: amounts falling due within one year	6	(7,246)
Net Current Assets		23,656,105
NET ASSETS		23,656,105
Represented by		
Capital and reserves		
Called up share capital	7	25 444,002
Profit and loss account	8	(1,787,897)
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		23,656 105

On behalf of the Board

J H Bartlett
Director
1 July 2013

BP SUBSEA WELL RESPONSE LIMITED

NOTES TO THE ACCOUNTS

1. Auditor's remuneration

	From 2 March 2012 to 31 December 2012
	$
Fees for the audit of the company	7,246

Fees paid to the company's auditor Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BP Subsea Well Response Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

2. Interest receivable and similar income

	From 2 March 2012 to 31 December 2012
	$
Interest income from group undertakings	6,618
Interest from joint development agreement loan	304,036
Other interest	1,301
	311,955

3. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010 No UK corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred UK tax that arises without charge

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on loss before taxation

	From 2 March 2012 to 31 December 2012
	$
Loss before taxation	(1 787,897)
Current taxation	-
Effective current tax rate	0%

BP SUBSEA WELL RESPONSE LIMITED

NOTES TO THE ACCOUNTS

3. Taxation (continued)

	From 2 March 2012 to 31 December 2012
	%
UK statutory corporation tax rate	24
Decrease resulting from:	
Free group relief	4
Transfer pricing adjustment	(28)
Effective current tax rate	0

4. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as directors of the company during the financial period

(b) Employee costs

The company had no employees during the period

5. Debtors

	2012 Within 1 year	2012 After 1 year
	$	$
Amounts owed by group undertakings	8,686,218	-
Other debtors	304,037	14,655,000
Prepayments and accrued income	18,096	-
	9,008,351	14,655,000

6. Creditors

	2012 Within 1 year
	$
Accruals and deferred income	7,246

BP SUBSEA WELL RESPONSE LIMITED

NOTES TO THE ACCOUNTS

7. Called up share capital

	2012
	$
Allotted, called up and fully paid	
25,444,002 Ordinary Shares of $1 each foı a total nominal value of $25,444,002	25,444,002

On 2 March 2012, 2 Ordinary Shares of $1 for a total nominal value of $2 were allotted to the immediate parent company at par value

On 1 May 2012, 25,444 000 Ordinary Shaıes of $1 for a total nominal value of $25,444,000 were allotted to the immediate parent company at paı value

8. Capital and ıeserves

	Called up share capital	Profit and loss account	Total
	$	$	$
At 2 March 2012	2	-	2
Loss for the period	-	(1,787 897)	(1,787,897)
Issue of ordinary share capital	25,444,000	-	25,444,000
At 31 December 2012	25,444,002	(1,787 897)	23,656,105

9. Reconciliation of movements in shareholdeı s' funds

	2012
	$
Loss for the period	(1,787,897)
Issue of ordinary share capital	25,444 000
Net increase in shareholders funds	23,656,103
Shareholdeıs' funds at 2 March	2
Shaıeholders' funds at 31 December	23,656,105

10. Guarantees and other financial commitments

The company has provided a loan facility to SPV under which amounts outstanding at 31 December 2012 were $14,655,000 and has further provided a guarantee to provide an additional lending of $10,789,000 in respect of future liabilities of the SPV No material losses are likely to arise from the provision of this guaıantee

11. Related party tı ansactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions entered into with group companies There were no other related party transactions in the period

12. Pensions

The company does not directly employ any staff and therefore does not directly bear any pension charge.

13. Immediate and ultimate controlling parent undertaking

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