BP EXPLORATION BETA LIMITED
(Registered No 00895797)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors	T W Garlick
	D W Goodwill
	J W Halliday
	D J Lynch
	M Morris

REPORT OF THE DIRECTORS

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

Results and dividends

The profit for the year after taxation was $143,339,000 which, when added to the retained profit brought forward at 1 January 2012 of $169,073,000 gives a total retained profit carried forward at 31 December 2012 of $312,412,000

The company has not declared any dividends during the year (2011 $200,000,000) The directors do not propose the payment of a dividend

Principal activities and review of the business

The company is engaged in the exploration for and production and selling of hydrocarbons in Angola and in the United Kingdom

The company owns a 10 5% participating interest in Angola offshore block 18 BP is the operator of block 18 with a participating interest of 50% split between the company, which holds 10 5% and BP Angola (Block 18) B V for the remaining 39 5%

The company also owns participating interests in BP operated field Cyrus and Conoco Phillips operated field Southern Waters V Fields located in the North Sea of the United Kingdom

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

	2012	2011	Variance
	$000	$000	%
Turnover	524,622	470,412	11 5
Operating profit	336,307	296,390	13
Profit after taxation	143,339	158,837	(9.8)
Shareholders' funds	872,508	729,169	19 7

	2012	2011	Variance
	%	%	
Quick ratio*	654	547	107

*Quick ratio is defined as current assets excluding stock and debtors receivable after one year, as a percentage of current liabilities

Principal activities and review of the business (continued)

The turnover increase of $54m was due to an increase of $76m in block 18 and a decrease of $(22)m in the North Sea fields The increase of $76m in block 18 was due to a higher production which resulted mainly from improved well potential, improved plant performance and fewer major operational outages The decrease of $(22)m in the North Sea fields was due to a reduction in oil turnover from Cyrus of $(12)m and a reduction in revenues for Loggs of $(10)m. Loggs facilities and plant were shut down in December 2012 due to a gas leak.

The operating profit increase of $40m was due to an increase of $31m in block 18 and an increase of $8m in the North Sea fields The increase of $31m in block 18 was due to an increase in turnover of $76m and an increase in the cost of sales of $45m The latter was driven mainly by an increase in depreciation, depletion and amortisation of approximately $29m and by an increase in field and non-field production expenditure for approximately $11m. Both such increases were driven by the increase in production The increase of $8m in the North Sea fields was mainly driven by a decrease in cost of sales of $32m The decrease in cost of sales was mainly due to reduced operating expenditures for $(15)m and a reduced under lift /over lift for $(16)m

The profit after taxation decrease of $(15)m was due a reduction of $(3)m in block 18 profit and an increase of $(12)m in the North Sea fields loss The decrease of $(3)m in block 18 profit after taxation was due to the overall increase in operating profit of $31m, as described above, along with the increase in interest payable of $(3)m, being entirely offset by the increase in taxation of $(31)m. The increase in taxation of $31m resulted from more volumes being lifted in 2012 than 2011, a slightly higher average oil price and Block 18 becoming desaturated The increase of $(12)m in the North Sea fields loss was due to the overall decrease in operating profit of $(20)m, partly offset by a net increase in interest $4m, and by a decrease in taxation of $4m.

The increase of $143m in shareholders' funds is due to the profit for the current year.

The quick ratio increase was due mainly to increases in balances with other Group companies, a decrease in the taxation liability and the elimination of the loan facility which was fully repaid on 31 December 2012 (see note 14).

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 risks have been categorised against the following areas: strategic and commercial: compliance and control safety and operational 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 Exploration Beta 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

Access and renewal
Successful execution of the company's strategy depends on implementing activities to renew and reposition its portfolio The challenges to renewal of the company's upstream portfolio are growing due to increasing competition for access to opportunities globally and heightened political and economic risks in certain countries where significant hydrocarbon bases are located Lack of material positions in new markets could impact the company's future hydrocarbon production

Moreover, the Gulf of Mexico oil spill has damaged the BP group's reputation, which may have a long-term impact on the group's ability to access new opportunities, both in the US and elsewhere Adverse public, political and industry sentiment towards the BP group, and towards oil and gas drilling activities generally, could damage or impair the company's existing commercial relationships with counterparties, partners and host governments and could impair access to new investment opportunities, exploration properties, operatorships or other essential commercial arrangements with potential partners and host governments, particularly in the US In addition, responding to the Incident has placed, and will continue to place, a significant burden on cash flow over the next several years, which could also impede the BP group's ability to invest in new opportunities and deliver long-term growth, which in turn may impact the company More stringent regulation of the oil and gas industry generally, and of the BP group's activities specifically arising from the Incident, could increase this risk

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Prices and markets

Oil, gas and product prices are subject to international supply and demand Political developments and the outcome of meetings of OPEC can particularly affect world supply and oil prices Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources As a result, increased oil prices may not improve margin performance. In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to further reviews for impairment of the company's oil and natural gas properties Such reviews would reflect management's view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on the company's results of operations in the period in which it occurs Rapid material or sustained change in oil, gas and product prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived from those decisions may no longer be appropriate

Governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry, including the risk of increased taxation, nationalisation and expropriation

The global financial and economic situation may have a negative impact on third parties with whom the company does, or may do, business with In particular, on-going instability in or a collapse of the Eurozone could trigger a new wave of financial crises and push the world back into recession, leading to lower demand and lower oil and gas prices

Climate change and carbon pricing

Compliance with changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, taxes, reduced profitability from changes in operating costs, and revenue generation and strategic growth opportunities being impacted The company's commitment to the transition to a lower-carbon economy may create expectations for its activities, and the level of participation in alternative energies carries reputational, economic and technology risks

Socio-political

The diverse nature of the company's operations around the world exposes it to a wide range of political developments and consequent changes to the operating environment, regulatory environment and law

The company has operations in countries where political, economic and social transition is taking place Some countries have experienced or may experience in the future political instability, changes to the regulatory environment, expropriation or nationalisation of property, civil strife, strikes, acts of war and insurrections Any of these conditions occurring could disrupt or terminate the company's operations, causing its development activities to be curtailed or terminated in these areas or its production to decline could limit the company's ability to pursue new opportunities, could affect the recoverability of its assets and could cause it to incur additional costs In particular, the company's investments in Angola could be adversely affected by heightened political and economic environment risks

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Joint ventures and other contractual arrangements
Many of the company's major projects and operations are conducted through joint ventures 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

Additionally, the company's joint venture partners 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 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

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

Reserves progression
Successful execution of the BP group strategy depends critically on sustaining long-term reserves replacement If upstream resources are not progressed in a timely and efficient manner due to commercial, technical or regulatory reasons or otherwise, the company will be unable to sustain long-term replacement of reserves

Major project delivery
Successful execution of the company's plan depends critically on implementing the activities to deliver the major projects over the plan period Poor delivery of any major project that underpins production or production growth, and/or a major programme designed to enhance shareholder value, including maintenance turnaround programmes could adversely affect the company's financial performance Successful project delivery requires, among other things, adequate engineering and other capabilities and therefore successful recruitment and development of staff is central to the company's plans

Digital infrastructure
The reliability and security of the company's digital infrastructure are critical to maintaining the availability of its business applications, including the reliable operation of technology in its various business operations and the collection and processing of financial and operational data, as well as the confidentiality of certain third-party information A breach of the company's digital security, either due to intentional actions or due to negligence, could cause serious damage to business operations and, in some circumstances, could result in the loss of data or sensitive information, injury to people, damage to assets, harm to the environment, reputational damage, breaches of regulations litigation, legal liabilities and reparation costs

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Business continuity and disaster recovery
Contingency plans are required to continue or recover operations following a disruption or incident Inability to restore or replace critical capacity to an agreed level within an agreed timeframe would prolong the impact of any disruption and could severely affect business and operations

Crisis management
Crisis management plans and capability are essential to deal with emergencies at every level of the company's operations If the company does not respond, or is perceived not to respond, in an appropriate manner to either an external or internal crisis, its business and operations could be severely disrupted

Compliance and control risks

Regulatory
Due to the Gulf of Mexico oil spill, it is likely that there will be more stringent regulation of the BP group's oil and gas activities in the US and elsewhere, particularly relating to environmental, health and safety controls and oversight of drilling operations, as well as access to new drilling areas

Regulatory or legislative action may impact the industry as a whole and could be directed specifically towards the BP group New regulations and legislation, the terms of the BP group's settlements with US government authorities and future settlements or litigation outcomes related to the Incident, and/or evolving practices could increase the cost of compliance and may require changes to the company's drilling operations, exploration, development and decommissioning plans, and could impact the company's ability to capitalise on its assets and limit its access to new exploration properties or operatorships In addition, increases in taxes, royalties and other amounts payable to governments or governmental agencies, or restrictions on availability of tax relief, could also be imposed as a response to the Incident

In addition, the oil industry in general is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental, health and safety controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalisation, expropriation, cancellation or non-renewal of contract rights

Failure to respond to changes in trading regulations could result in regulatory action and damage to the company's reputation The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law As a result of new laws and regulations or other factors, the company could be required to curtail or cease certain operations, or could incur additional costs

Ethical misconduct and non-compliance
The code of conduct, which applies to all employees, defines the company's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions the company expects of its businesses and people wherever it operates The values are intended to guide the way the company and its employees behave and do business Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to the company's reputation and shareholder value Multiple events of non-compliance could call into question the integrity of the company's operations

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

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

Safety and operational risks

Process safety, personal safety and environmental risks

The nature of the company's operations exposes it to a wide range of significant health, safety, security and environmental risks The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of the company's activities In addition, in many of the company's major projects and operations, risk allocation and management is shared with third parties, such as contractors, sub-contractors, joint venture partners and associates See 'Joint ventures and other contractual arrangements'. There are risks of technical integrity failure as well as risks of natural disasters and other adverse conditions in many of the areas in which the company operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents

There are risks of technical integrity failure as well as risk of natural disasters and other adverse conditions in many of the areas in which the company operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents

The company's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations These operations are subject to various environmental and safety laws, regulations and permits and the consequences of failure to comply with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions Accordingly, inherent in the company's operations is the risk that if it fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs and damage to the company's reputation or licence to operate

BP's group-wide operating management system (OMS) intends to address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the group can analyse the performance of its activities and identify and remediate shortfalls There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risk or provide the correct mitigations, or that all operations will be in conformance with OMS at all times.

BP EXPLORATION BETA LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Safety and operational risks (continued)

Security
Security threats require continuous oversight and control Acts of terrorism, piracy, sabotage, cyber-attacks and similar activities directed against the company's operations and offices, pipelines, transportation or computer systems could cause harm to people and could severely disrupt business and operations The company's business activities could also be severely disrupted by, amongst other things, conflict, civil strife or political unrest in areas where the company operates

Product quality
Supplying customers with on-specification products is critical to maintaining the company's licence to operate and its reputation in the marketplace Failure to meet product quality standards throughout the value chain could lead to harm to people and the environment and loss of customers

Drilling and production
Exploration and production require high levels of investment and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field The company's exploration and production activities are often conducted in extremely challenging environments, which heighten the risks of technical integrity failure and natural disasters discussed above. The cost of drilling, completing or operating wells is often uncertain The company may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions and compliance with governmental requirements

In addition, exploration expenditure may not yield adequate returns, for example in the case of unproductive wells or discoveries that prove uneconomic to develop The Gulf of Mexico incident illustrates the risks the company faces in its drilling and production activities

Transportation
All modes of transportation of hydrocarbons involve inherent risks. An explosion or fire or loss of containment of hydrocarbons or other hazardous material could occur during transportation by road, rail, sea or pipeline This is a significant risk due to the potential impact of a release on people and the environment and given the high volumes involved.

Financial risk management

The main financial risks faced by the company through its normal business activities, as well as its use of financial instruments, are market risk, foreign currency exchange risk, 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)

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows The management of such risks is performed at BP group level The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes

Foreign currency exchange risk

Fluctuations in foreign exchange rates can have significant effects on the company's reported results. The company's financial assets and liabilities give rise to transactional currency exposures Such exposures arise from transactions in a currency other than the company's functional currency The management of such risks is performed at BP group level. The main underlying economic currency of the BP group's cash flows is the US dollar This is because the BP group's major product, oil, is priced internationally in US dollars The BP group's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar The group co-ordinates the handling of foreign exchange risks centrally, by netting off naturally occurring opposite exposures wherever possible and then dealing with any material residual foreign exchange risks For highly probable forecast capital expenditures the group locks in the US dollar cost of non US dollar supplies by using currency forwards and futures

Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies Fluctuations in exchange rates can therefore give rise to foreign exchange exposures, with a consequent impact on underlying costs and revenues

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.

Where the company enters into money market contracts for entrepreneurial trading purposes, the activity is controlled at BP group level using value-at-risk techniques

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

Principal risks and uncertainties (continued)

Financial risk management (continued)

Credit risk (continued)

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

Future developments

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

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

Directors

The present directors are listed on page 1

T W Garlick, D W Goodwill, J W Halliday, D J Lynch and M Morris served as directors throughout the financial year Changes since 1 January 2012 are as follows:

	Appointed	Resigned
R T Fryar	-	26 September 2012
J C Skipper	-	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 30

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 EXPLORATION BETA 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 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 their 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

By Order of the Board

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

19 September 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP EXPLORATION BETA 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 EXPLORATION BETA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP EXPLORATION BETA LIMITED

We have audited the financial statements of BP Exploration Beta Limited for the year ended 31 December 2012 which comprise the accounting policies, the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 23 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 12, 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 profit for the year 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

19 September 2013

BP EXPLORATION BETA LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Exploration Beta Limited were approved for issue by the Board of Directors on 17 September 2013

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

In addition to the requirements of accounting standards, the accounting for exploration and production activities is governed by the Statement of Recommended Practice ('SORP') 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001

These accounts have been prepared in accordance with the provisions of the SORP with the exception of the following

(i) The SORP recommends that oil and gas reserve quantities be disclosed The company is a wholly owned subsidiary of BP p l c and, as such, the oil and gas reserve quantities of the company are included in the consolidated oil and gas reserve quantities disclosed in the Annual Report and Accounts of BP p l c Consequently the directors have elected not to publish this information for the company;

(ii) The SORP contains rules around the estimation of future oil and gas reserves The company, as part of the BP group, estimates and calculates its reserves in accordance with the US Securities and Exchange Commission (SEC) rules The main differences relate to the SEC requirement to use a twelve-month average price to assess future reserves, being the unweighted average of the price on the first day of the month for the past twelve months This is the basis applied in the BP group reporting and is comparable with other oil majors It is not possible for the company to quantify the impact of this departure as SORP estimates of reserves are no longer maintained

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

Revenue recognition

Revenues associated with the sale of oil, natural gas liquids, liquefied natural gas, petroleum and chemical products and all other items are recognised when title passes to the customer Generally, revenues from the production of natural gas and oil properties in which the company has an interest with other producers are recognised on the basis of the company's working interests in those properties (the entitlement method) Differences between the production sold and the company's share of production (under / over lifts) are included as an adjustment to cost of sales

BP EXPLORATION BETA LIMITED

ACCOUNTING POLICIES

Foreign currency transactions

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

Capitalisation of finance costs and interest

Interest is capitalised gross of related tax relief during the period of construction where it relates either to the financing of major projects with long periods of development or to dedicated financing of other projects All other interest is charged against income in the year in which it is incurred.

Interest income

Interest income is recognised on an accruals basis

Intangible assets

Intangible assets include expenditure on the exploration for and evaluation of oil and natural gas resources, computer software, patents, licences, trademarks and product development costs Product development costs are capitalised as intangible assets when a project has obtained sanction and the future recoverability of such costs can reasonably be regarded as assured

Intangible assets are not depreciated The indefinite life of intangible assets is reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the asset is written down to its recoverable amount The value in use is determined from estimated discounted future net cash flows

Oil and natural gas exploration and development expenditure

Oil and natural gas exploration and development expenditure is accounted for using the successful efforts method of accounting

Licence and property acquisition costs

Exploration licence and property leasehold acquisition costs are initially capitalised within intangible fixed assets Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves'), the costs are aggregated with exploration expenditure and held on a field-by-field basis as proved properties awaiting approval within intangible assets When development is sanctioned the relevant expenditure is transferred to tangible production assets

Each property is reviewed on an annual basis to confirm that drilling activity is planned and the property is not impaired If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off

BP EXPLORATION BETA LIMITED

ACCOUNTING POLICIES

Exploration expenditure

Geological and geophysical exploration costs are charged against income as incurred Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors If hydrocarbons are not found, the exploration expenditure is written off as a dry hole If hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells, are likely to be capable of commercial development, the costs continue to be carried as an asset All such carried costs are subject to regular technical commercial and management review to confirm the continued intent to develop or otherwise extract value from the discovery When this is no longer the case, the costs are written off When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets

Development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells is capitalised within tangible production assets

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset The capitalised value of a finance lease is also included within tangible fixed assets.

Oil and natural gas properties are depreciated using a unit-of-production method. The cost of producing wells is depreciated over proved developed reserves Licence acquisition, decommissioning and field development costs are depreciated over total proved reserves The unit-of-production rate for the depreciation of field development costs takes into account expenditures incurred to date, together with future development expenditure required to access the total proved reserves

Other tangible assets, with the exception of freehold land and assets under construction, are depreciated on the straight line method over their estimated useful lives

Changes in unit-of-production factors

Changes in factors which affect unit-of-production calculations are dealt with prospectively, not by immediate adjustment of prior years' amounts

Maintenance expenditure

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised All other maintenance costs are expensed as incurred

BP EXPLORATION BETA LIMITED

ACCOUNTING POLICIES

Impairment of intangible and tangible fixed assets

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets If any such indication of impairment exists or when annual impairment testing for an asset group is required, the company makes an estimate of its recoverable amount An asset group's recoverable amount is the higher of its net realisable value and its value in use Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased If such indication exists, the recoverable amount is estimated A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised If that is the case, the carrying amount of the asset is increased to its recoverable amount That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years Such reversal is recognised in profit or loss After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life

Proportional consolidation

The company holds an interest in a joint agreement that is not an entity ('JANE') As a result, it accounts for its proportionate share of the costs, revenues assets and liabilities in the JANE

Stock valuation

The company's stock consists predominately of plant and insurance spares which are valued at cost to the company using the weighted average method or net realisable value whichever is lower

Trade and other debtors

Trade and 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

Trade and other creditors

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

BP EXPLORATION BETA LIMITED

ACCOUNTING POLICIES

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and 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 the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement. 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 rate

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable

Decommissioning

Provision for decommissioning costs is recognised when the company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that provision can be made Where an obligation exists for a new facility, such as oil and natural gas production or transportation facilities, this will be on construction or installation An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements A corresponding tangible fixed asset of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the capital costs of the production and transportation facilities.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Deferred tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future In particular

- Provision is made for tax on gains arising on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

BP EXPLORATION BETA LIMITED

ACCOUNTING POLICIES

Deferred tax (continued)

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Discounting

The unwinding of the discount on provisions is included within interest expense Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense, apart from decommissioning provisions where the change is adjusted against the decommissioning asset

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 EXPLORATION BETA LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Turnover	1	524,622	470 412
Cost of sales		(187,579)	(174,588)
Gross profit		337,043	295 824
Distribution and marketing expenses		-	(2)
Administration expenses		(436)	568
Operating profit	2	336,607	296,390
Amounts provided against fixed assets	4	(32,262)	(3,585)
Loss on ordinary activities before interest and taxation		304,345	292,805
Interest payable and similar charges	5	(12,648)	(9,957)
Interest receivable and similar income	6	3 635	980
Profit before taxation		295,332	283,828
Taxation	7	(151,993)	(124,991)
Profit for the year		143,339	158,837

The profit of $143,339,000 for the year ended 31 December 2012 was derived in its entirety from continuing operations

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

There are no recognised gains or losses attributable to the shareholders of the company other than the profit for the year

BP EXPLORATION BETA LIMITED
(Registered No 00895797)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Fixed assets			
Intangible assets	9	27,431	25,996
Tangible assets	10	638,300	655,517
		665,731	681 513
Current assets			
Stocks	11	17,369	15,514
Debtors – amounts falling due			
within one year	12	482,547	447,303
after one year	12	170 322	159,422
		670 238	622,239
Creditors: amounts falling due within one year	13	(73,748)	(81,837)
Net current assets		596,490	540,402
TOTAL ASSETS LESS CURRENT LIABILITIES		1,262,221	1,221,915
Creditors: amounts falling due after more than one year	13	(70,285)	(193,595)
Provisions for liabilities and charges			
Deferred tax	7	(110,710)	(123,337)
Other provisions	15	(208,718)	(175,814)
NET ASSETS		872 508	729,169
Represented by			
Capital and reserves			
Called up share capital	16	560,096	560,096
Profit and loss account	17	312,412	169,073
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		872,508	729,169

On behalf of the Board

J W Halliday
Director
19 September 2013

BP EXPLORATION BETA LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover. which is stated net of value added tax, represents amounts invoiced to third parties and group companies

An analysis of turnover by geographical market is given below

	2012	2011
	$000	$000
By geographical area		
UK	21,820	44,137
Rest of Europe	46,697	43,368
USA	74,541	69,451
Rest of World	381,564	313,456
Total	524 622	470,412

Turnover is attributable to one continuing activity, the production and selling of petroleum products.

2. Operating profit

This is stated after charging.

	2012	2011
	$000	$000
Currency exchange losses	667	134
Expenditure on research	-	30
Depreciation of owned fixed assets	107,360	79,993

3. Auditor's remuneration

	2012	2011
	$000	$000
Fees for the audit of the company	136	130

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 Exploration Beta Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

4. Amounts provided against fixed assets

	2012	2011
	$000	$000
Impairment – See note 10	32,262	3,585

The above charge relates to the V fields late life asset arising from impairment reviews which were triggered by revisions to the decommissioning cost estimates

BP EXPLORATION BETA LIMITED

NOTES TO THE ACCOUNTS

5. Interest payable and similar charges

	2012	2011
	$000	$000
Interest expense on		
Bank loans and overdrafts	3,923	5,655
Loans from group undertakings	827	836
Other	7,046	1,909
	11,796	8,400
Unwinding of discount on provisions – See note 15	852	1,557
	12,648	9,957

6. Interest receivable and similar income

	2012	2011
	$000	$000
Interest income from group undertakings	487	696
Other interest	3,148	284
	3,635	980

7. Taxation

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

Details of the corporation tax that has been provided in respect of the company's oil extraction activity in the UK and UK Continental Shelf are shown below.

In respect of the company's other activities, 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 that it is required and to provide for any current or deferred UK tax that arises without charge

The tax charge is made up as follows

	2012	2011
Current tax	$000	$000
UK corporation tax on income for the year	1,269	3,993
UK tax (overprovided) / underprovided in prior years	(108)	(3,960)
	1,161	33
Overseas tax on income for the year	163 459	99,505
Total current tax	164,620	99,538
Deferred tax		
Origination and reversal of timing differences	(10,586)	(4,738)
Overseas deferred tax	(2,041)	30,191
Total deferred tax	(12,627)	25,453
Tax charged on profit on ordinary activities	151,993	124,991

BP EXPLORATION BETA LIMITED

NOTES TO THE ACCOUNTS

7. Taxation (continued)

(a) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2011· higher) than the standard rate of corporation tax in the UK of 24% for the year ended 31 December 2012 (2011 – 26%). The differences are reconciled below·

	2012	2011
	UK	UK
	$000	$000
Profit on ordinary activities before tax	295,332	283,828
Current taxation	164,620	99,538
Effective current tax rate	56%	35%

	2012	2011
	UK	UK
	%	%
UK corporation tax rate	24	26
Increase resulting from.		
Fixed assets timing differences	5	2
Non-deductible expenditure / non-taxable income	-	1
Other timing differences	1	-
Double tax relief	(31)	(28)
Free group relief	1	(1)
IRF tax rate difference	-	1
Current overseas tax	56	35
Adjustments to tax charge in respect of previous years	-	(1)
Effective current tax rate	56	35

The permanent and timing difference shown in the current tax rate reconciliation above are those that arise for UK corporation tax purposes, rather than overseas tax purposes

(b) Provision for deferred tax

The deferred tax included in the balance sheet is as follows

	2012	2011
	$000	$000
Accelerated capital allowances	171,902	189,024
Decommissioning and other provisions	(70,989)	(73,167)
Petroleum revenue tax	11,567	10,941
Other timing differences	(1,770)	(3,461)
Provision for deferred tax	110,710	123,337

BP EXPLORATION BETA LIMITED

NOTES TO THE ACCOUNTS

7. Taxation (continued)

(b) Provision for deferred tax

	2012
	$000
At 1 January 2012	123,337
Deferred tax credited in the profit and loss account	(12,627)
At 31 December 2012	110,710

8. Directors and employees

(a) Remuneration of directors

T W Garlick, D W Goodwill, J W Halliday, D J Lynch and M Morris are directors of BP Exploration Operating Company Limited in whose accounts information required by the Companies Act 2006 as regards to emoluments is given

(b) Employee costs

The company had no employees during the year (2011 Nil)

9. Intangible assets

	Exploration expenditure
Cost	$000
At 1 January 2012	25,996
Additions	1,435
At 31 December 2012	27,431
Amortisation	
At 1 January 2012 and 31 January 2012	-
Net book value	
At 31 December 2012	27 431
At 31 December 2011	25,996

BP EXPLORATION BETA LIMITED

NOTES TO THE ACCOUNTS

10. Tangible assets

	Land & buildings	Fixtures & fittings	Oil & gas properties	Plant & Machinery	Total	Of which AUC*
Cost	$000	$000	$000	$000	$000	$000
At 1 January 2012	8,491	4,516	1,512,553	579	1,526,139	75,721
Additions	9,135	733	112,542	(5)	122,405	59,935
Transfers	-	-	-	-	-	(134,962)
At 31 December 2012	17,626	5,249	1,625 095	574	1 648,544	694
Depreciation and impairment						
At 1 January 2012	(823)	(3,377)	(866,171)	(251)	(870,622)	-
Charge for the year	(333)	(370)	(106,597)	(60)	(107,360)	-
Impairment	-	-	(32,262)	-	(32,262)	-
At 31 December 2012	(1,156)	(3 747)	(1,005,030)	(311)	(1,010,244)	-
Net book value						
At 31 December 2012	16 470	1,502	620,065	263	638,300	694
At 31 December 2011	7,668	1,139	646,382	328	655,517	75,721
Principal rates of depreciation	4%	13-25%	Unit of production	13-33%		

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

Assets with capitalised interest included above, are.

	Cost	Depreciation	Net book value
Capitalised interest			
At 31 December 2012	62,786	(42,907)	19,879
At 31 December 2011	62,786	(38 618)	24,168

11. Stocks

	2012	2011
	$000	$000
Raw materials and consumables	17 369	15,514

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

BP EXPLORATION BETA LIMITED

NOTES TO THE ACCOUNTS

12. Debtors

	2012 Within 1 year $000	2012 After 1 year $000	2011 Within 1 year $000	2011 After 1 year $000
Trade debtors	1,695	-	2,947	-
Amounts owed by group undertakings	469,484	148,371	441,494	141,581
Petroleum revenue tax	-	18,656	-	17,647
Other debtors	63	3,295	78	194
Prepayments and accrued income	468	-	2,474	-
Taxation	10,837	-	310	-
	482,547	170,322	447,303	159,422

13. Creditors

	2012 Within 1 year $000	2012 After 1 year $000	2011 Within 1 year $000	2011 After 1 year $000
Trade creditors	9,448	-	14,099	-
Amounts owed to group undertakings	37,522	66,925	30,801	66,925
Other creditors	5,013	3,360	2,392	3,570
Taxation	14,554	-	22,081	-
Petroleum revenue tax	3,009	-	2,379	-
Accruals and deferred income	4,202	-	3,664	-
Loans (see note 14)	-	-	6,416	123,100
Bank overdraft	-	-	5	-
	73,748	70,285	81 837	193,595

14. Loans

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

	2012 Within 5 years $000	2012 After 5 years $000	2011 Within 5 years $000	2011 After 5 years $000
Not wholly repayable	-	-	129,516	-

On 30 July 2010, BP Exploration (Angola) Limited, BP Exploration Beta Limited and BP Angola (Block 18) B V entered into a $2 5bn term loan facility agreement securitised against forecast future net cash flows from blocks 15, 17 and 18 The facility was drawn down in full Under the agreement the companies had joint and several liability to the lenders

The loan was structured so that the loan repayments had a lower priority than Angolan taxes and expenditure.

The loan was fully repaid to the lenders on 31 December 2012

15. Other provisions

	Decom-missioning	Other	Total
	$000	$000	$000
At 1 January 2012	173,346	2,468	175,814
Exchange adjustments	4,020	-	4,020
New or increased provisions	38,932	-	38,932
Write-back of unused provisions	(9,825)	(242)	(10,067)
Unwinding of discount	852	-	852
Utilisation	-	(833)	(833)
At 31 December 2012	207,325	1,393	208,718

The company makes full provision for the future cost of decommissioning oil and natural gas production facilities and related pipelines on a discounted basis on the installation of those facilities At 31 December 2012, the provision for the costs of decommissioning these production facilities and pipelines at the end of their economic lives was $207,325,000 (2011 $173,346,000) The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 0 50% (2011 0 50%) These costs are expected to be incurred over the next 15 years. While the provision is based on the best estimate of future costs and the economic lives of the facilities and pipelines, there is uncertainty regarding both the amount and timing of incurring these costs

The other provision for $1,393,000 relates to Angolan withholding tax and training levy

16. Called up share capital

	2012	2011
	$000	$000
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each for a total nominal value of £50,000	96	96
560,000,000 Ordinary shares of $1 each for a total nominal value of $560,000,000	560,000	560,000
	560,096	560,096

17. Capital and reserves

	Called up share capital	Profit and loss account	Total
	$000	$000	$000
At 1 January 2012	560,096	169,073	729,169
Profit for the year	-	143,339	143,339
At 31 December 2012	560,096	312,412	872,508

18. Reconciliation of movements in shareholders' funds

	2012	2011
	$000	$000
Profit for the year	143,339	158,837
Dividends – current year interim paid	-	(200,000)
Net increase/(decrease) in shareholders' funds	143,339	(41,163)
Shareholders' funds at 1 January	729,169	770,332
Shareholders' funds at 31 December	872,508	729,169

19. Capital commitments

Authorised and contracted future capital expenditure by the company for which contracts had been placed but not provided in the accounts at 31 December 2012 is estimated at $31,992,000 (2011 $54,549,000)

20. Guarantees and other financial commitments

On 30 July 2010, BP Exploration (Angola) Limited, BP Exploration Beta Limited and BP Angola (Block 18) B V entered into a $2 5bn term loan facility agreement securitised against forecast future net cash flows from blocks 15, 17 and 18 The facility was drawn down in full Under the agreement the companies had joint and several liability to the lenders

The loan was structured so that the loan repayments had a lower priority than Angolan taxes and expenditure

The loan was fully repaid to the lenders on 31 December 2012

21. Related party transactions

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 year

22. Pensions

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

23. 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 of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP p l c , a company registered in England and Wales Copies of BP p l c 's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD