

BP ALTERNATIVE ENERGY HOLDINGS LIMITED
(Registered No 02515099)

ANNUAL REPORT AND ACCOUNTS 2012

THURSDAY



LD2 *L2HPNA2H* #320
26/09/2013
COMPANIES HOUSE

Board of Directors C W Coburn
D Emery
D S Knapp
R G Mason

REPORT OF THE DIRECTORS

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

Results and dividends

The loss for the year after taxation was £24,629,261 which, when added to the retained deficit brought forward at 1 January 2012 of £40,165,931, gives a total retained deficit carried forward at 31 December 2012 of £64,795 192

The company has not declared any dividends during the year (2011 £Nil) The directors do not propose the payment of a dividend.

Principal activity and review of the business

The company remained a holding company only for the BP Group's solar business

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

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
	£	£	%
Dividend income	-	388,897	100
Loss on ordinary activities before interest and taxation	(25,574,719)	(48,476,342)	(47)
Loss for the year	(24,629 261)	(48 309,668)	(49)
Shareholders' deficit	(22,854 288)	(14 225,027)	(61)
	<u>2012</u>	<u>2011</u>	<u>Variance</u>
	%	%	
Quick ratio*	53	44	9

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

The significant decrease in the losses of the company for the year is primarily due to a lower amount provided against investments in subsidiaries. The shareholders' deficit has also reduced in line with the additional shares purchased during the year

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

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, 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).

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 Alternative Energy Holdings 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.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Strategic and commercial 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 Greece, Italy, France and Hong Kong could be adversely affected by heightened political and economic environment risks.

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 risks

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 market risk, foreign currency exchange risk and interest rate 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.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

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.

Going concern

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

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Post balance sheet events

On 10 January 2013, the company agreed to waive part of the Long Term Loan facility (approximately £18.8 million placed with the subsidiary undertakings, namely BP Solar Italia S.R.L. The directors note that the waiver has already occurred and that the necessary accounting transactions were completed prior to 31 December 2012.

The directors of the company have been considering a strategic exit from the solar business and granted authority to market and negotiate the sale of its subsidiary undertaking, BP Solar France. On 1 March 2013 the directors approved the sale of the BP Solar France for a nominal consideration. The sale was conditional on pre-sale restructuring of BP Solar France.

On 17 June 2013, the company sold its subsidiary BP Solar Italia for net proceeds of approximately £0.3 million. This disposal is also part of the strategic exit from the solar business.

On 1 July 2013, the company received a capital injection from the immediate parent undertaking of the company by issuing 7,000,000 ordinary shares of £1.00 each at par value. Subsequent to the balance sheet date, the allotment of 16,000,000 Ordinary Shares of £1.00 each to the immediate parent company for a total consideration of £16,000,000 was authorised and approved by BP Group management.

Directors

The present directors are listed on page 1.

C W Coburn and D Emery served as directors throughout the financial year. Changes since 1 January 2012 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
J C M Adams	-	27 February 2012
D S Knapp	1 January 2012	-
R G Mason	27 February 2012	-
J W McKinney	-	1 January 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 ALTERNATIVE ENERGY HOLDINGS 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

24 September 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP ALTERNATIVE ENERGY HOLDINGS 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 ALTERNATIVE ENERGY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP ALTERNATIVE ENERGY HOLDINGS LIMITED

We have audited the financial statements of BP Alternative Energy Holdings Limited for the year 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 20. 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 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

24 September 2013

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Alternative Energy Holdings Limited were approved for issue by the Board of Directors on 24 September 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.

Basis of preparation

At 31 December 2012 the company's balance sheet had total net liabilities amounting to £21,914,288

The directors consider it appropriate to prepare the accounts on a going concern basis because since the balance sheet date the company received a capital injection of £7,000,000 from its immediate parent, and a further capital injection of £16,000,000 was authorised and approved by BP Group management

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

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 400 (1) of the Companies Act 2006. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP plc, a company registered in England and Wales. These accounts present information about the company as an individual undertaking and not about the group

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive the payment is established

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

Capitalisation of finance costs and interest

Interest costs are not capitalised and are charged in the profit and loss account in the year in which it is incurred

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

ACCOUNTING POLICIES

Interest income

Interest income is recognised on an accruals basis

Investments

Fixed asset investments in subsidiaries, joint ventures and associates are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Debtors

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.

Creditors

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

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.

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 ALTERNATIVE ENERGY HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2012

		<u>2012</u>	<u>2011</u>
	Note	£	£
Dividend income	1	-	388,897
Administration expenses		<u>(1,501,017)</u>	<u>(57,082)</u>
Operating (loss) / profit	2	<u>(1,501,017)</u>	<u>331,815</u>
Loss on disposal of fixed assets	4	(6,287,512)	(8,600,052)
Amounts provided against fixed assets	4	<u>(17,786,190)</u>	<u>(40,208,105)</u>
Loss on ordinary activities before interest and taxation		(25,574,719)	(48,476,342)
Interest payable and similar charges	5	(600,837)	(250,126)
Interest receivable and similar income	6	1,546,295	416,800
Loss before taxation		<u>(24,629,261)</u>	<u>(48,309,668)</u>
Taxation	7	-	-
Loss for the year		<u>(24,629,261)</u>	<u>(48,309,668)</u>

The loss of £24,629,261 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 loss for the year.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

(Registered No 02515099)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	<u>2012</u> £	<u>2011</u> £
Fixed assets			
Investments	9	<u>10,336,416</u>	<u>15,629,234</u>
Current assets			
Debtors	10	37,831,657	22,890,335
Creditors: amounts falling due within one year	11	<u>(70,934,353)</u>	<u>(52,606,588)</u>
Net current liabilities		<u>(33,102,696)</u>	<u>(29,716,253)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(22,766,280)	(14,087,019)
Provision for liabilities and charges			
Other provision	13	<u>(88,008)</u>	<u>(138,008)</u>
NET LIABILITIES		<u>(22,854,288)</u>	<u>(14,225,027)</u>
Represented by			
Capital and reserves			
Called up share capital	14	41,940,904	25,940,904
Profit and loss account	15	<u>(64,795,192)</u>	<u>(40,165,931)</u>
SHAREHOLDERS' DEFICIT – EQUITY INTERESTS		<u>(22,854,288)</u>	<u>(14,225,027)</u>

On behalf of the Board


D Emery
Director

24 September 2013

BP ALTERNATIVE ENERGY HOLDINGS LIMITED**NOTES TO THE ACCOUNTS****1. Dividend income**

	<u>2012</u>	<u>2011</u>
	£	£
Dividend income from shares in subsidiary undertaking	-	388,897

2. Operating (loss)/profit

This is stated after charging

	<u>2012</u>	<u>2011</u>
	£	£
Currency exchange losses	801,997	582,793

3. Auditor's remuneration

	<u>2012</u>	<u>2011</u>
	£	£
Fees for the audit of the company	22,704	23,046

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 Alternative Energy Holdings Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis

4. Exceptional items

Exceptional items comprise the loss on disposal of fixed assets as follows

	<u>2012</u>	<u>2011</u>
	£	£
Loss on disposal of fixed assets	(6,287,512)	(8,600,052)
Amounts provided against fixed assets	(17,786,190)	(40,208,105)
Exceptional items (net of tax)	<u>(24,073,702)</u>	<u>(48,808,157)</u>

There is no tax effect on this disposal of fixed assets

In addition, exceptional items include £17,786,190 (2011 £40,208,105) provided in respect of investments in subsidiaries. This provision has no taxable effect

BP ALTERNATIVE ENERGY HOLDINGS LIMITED**NOTES TO THE ACCOUNTS****5. Interest payable and similar charges**

	<u>2012</u>	<u>2011</u>
	£	£
Interest expense on loans from group undertakings	<u>600,837</u>	<u>250,126</u>

6. Interest receivable and similar income

	<u>2012</u>	<u>2011</u>
	£	£
Interest income from associates and group undertakings	<u>1,546,295</u>	<u>416,800</u>

7. 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 profit before taxation.

	<u>2012</u>	<u>2011</u>
	£	£
Loss before taxation	(24,629,261)	(48,309,668)
Current taxation		
Effective current tax rate	0%	0%
	<u>2012</u>	<u>2011</u>
	%	%
UK statutory corporation tax rate	24	26
Increase / (decrease) resulting from		
Non-deductible expenditure / non-taxable income	(23)	(26)
Transfer pricing adjustment	(1)	-
Effective current tax rate	<u>-</u>	<u>-</u>

BP ALTERNATIVE ENERGY HOLDINGS LIMITED**NOTES TO THE ACCOUNTS****8. 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 year (2011 Nil)

(b) Employee costs

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

9. Investments

	Subsidiary shares	Investment in associate shares	Joint venture shares	Total
Cost	£	£	£	£
At 1 January 2012	47,992,578	3,578,812	5,465,458	57,036,848
Additions	23,771,565	-	-	23,771,565
Disposals	(7,393,652)	(3,578,812)	(5,465,458)	(16,437,922)
At 31 December 2012	<u>64,370,491</u>	<u>-</u>	<u>-</u>	<u>64,370,491</u>
Impairment losses				
At 1 January 2012	37,828,803	3,578,811	-	41,407,614
Charge for the year	17,786,190	-	-	17,786,190
Disposals	(1,580,918)	(3,578,811)	-	(5,159,729)
At 31 December 2012	<u>54,034,075</u>	<u>-</u>	<u>-</u>	<u>54,034,075</u>
Net book amount				
At 31 December 2012	<u>10,336,416</u>	<u>-</u>	<u>-</u>	<u>10,336,416</u>
At 31 December 2011	<u>10,163,775</u>	<u>1</u>	<u>5,465,458</u>	<u>15,629,234</u>

The investments in the subsidiary, associated and joint venture undertakings are unlisted

During the year, the company made an equity injection to its subsidiary undertaking BP Solar Italia S R.L

During the year the company disposed of a few subsidiary undertakings that were previously impaired in prior years which include BP Solar Deutschland GMBH and BP Solar Malaysia

During the year, the company disposed of its shareholding in associated undertakings namely BP SunOasis (Prime) Company Ltd, BP SunOasis Company Ltd and Solar Farm Investments Pty Ltd

During the year, the company disposed of its shareholding in the joint venture, TATA BP Solar India Ltd

During the year, impairments of £17.7m were recognised against the investment in BP Solar Italia S R.L, a subsidiary undertaking of the company

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

9. Investments (continued)

The subsidiary undertakings of the company at 31 December 2012 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

Subsidiary undertakings	Class of share held	%	Country of incorporation	Principal activity
BP Solar France	Ordinary	99.975	France	Manufacturing and marketing of solar equipment
BP Solar Hellas S.A.	Ordinary	100	Greece	Manufacturing and marketing of solar equipment
BP Solar Italia S.R.L.	Ordinary	99	Italy	Manufacturing and marketing of solar equipment
Solarex Electric Limited	Ordinary	100	Hong Kong	Manufacturing and marketing of solar equipment

10. Debtors

	2012	2011
	Within 1 year	Within 1 year
	£	£
Amounts owed by group undertakings	37,776,717	22,766,355
Prepayments and accrued income	54,940	123,980
	37,831,657	22,890,335

11. Creditors

	2012	2011
	Within 1 year	Within 1 year
	£	£
Trade creditors	24,449	4,609
Amounts owed to group undertakings	70,909,904	32,598,757
Accruals and deferred income	-	47,707
Loans (see note 12) -	-	19,955,515
	70,934,353	52,606,588

BP ALTERNATIVE ENERGY HOLDINGS LIMITED**NOTES TO THE ACCOUNTS****12. Loans**

Loans repayable, included within creditors, are analysed as follows

	<u>2012</u>	<u>2011</u>
	Within	Within
	5 years	5 years
	£	£
Wholly repayable	<u>-</u>	<u>19,955,515</u>

13. Other provision

	<u>Total</u>
	£
At 1 January 2012	138,008
Released during the year	<u>(50,000)</u>
At 31 December 2012	<u>88,008</u>

The provision is for warranty obligations associated with a turn key project sold in the Netherlands Following the transfer of the UK solar business to the Company from BP Alternative Energy International Limited these obligations have also been transferred These are expected to be utilised over the upcoming years

14. Called up share capital

	<u>2012</u>	<u>2011</u>
	£	£
Allotted, called up and fully paid		
41,940,904 Ordinary shares of £1 each for a total nominal value of £41,940,904	<u>41,940,904</u>	<u>25,940,904</u>

On 2 August 2012, 16 000,000 ordinary shares of £1 each for a total nominal value of £16,000,000 were allotted to the immediate parent company at par value

15. Capital and reserves

	<u>Called up share capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	£	£	£
At 1 January 2012	25,940,904	(40,165,931)	(14,225,027)
Issue of ordinary share capital	16 000,000	-	16 000,000
Loss for the year	<u>-</u>	<u>(24,629,261)</u>	<u>(24,629,261)</u>
At 31 December 2012	<u>41 940,904</u>	<u>(64,795,192)</u>	<u>(22,854,288)</u>

BP ALTERNATIVE ENERGY HOLDINGS LIMITED**NOTES TO THE ACCOUNTS****16. Reconciliation of movements in shareholders' funds**

	2012	2011
	£	£
Loss for the year	(24,629,261)	(48,309,668)
Issue of ordinary share capital	16,000,000	-
Net increase / (decrease) in shareholders' deficit	(8,629,261)	(48,309,668)
Shareholders' deficit at 1 January	(14,225,027)	34,084,641
Shareholders' deficit at 31 December	<u>(22,854,288)</u>	<u>(14,225,027)</u>

17. 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.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

Related party	Relationship	Description	Amounts owed from related party
			\$000
BP Solar TATA India	Joint venture	Loan	
2012			-
2011			22,766,355

18. Post balance sheet events

On 10 January 2013, the company agreed to waive part of the Long Term Loan facility (approximately £18.8 million) placed with the subsidiary undertakings, namely BP Solar Italia S R L. The directors note that the waiver has already occurred and that the necessary accounting transactions were completed prior to 31 December 2012.

The directors of the company have been considering a strategic exit from the solar business and granted authority to market and negotiate the sale of its subsidiary undertaking, BP Solar France. On 1 March 2013 the directors approved the sale of the BP Solar France for a nominal consideration. The sale was conditional on pre-sale restructuring of BP Solar France.

On 17 June 2013, the company sold its subsidiary BP Solar Italia for net proceeds of approximately £0.3 million. This disposal is also part of the strategic exit from the solar business.

On 1 July 2013 the company received a capital injection from the immediate parent undertaking of the company by issuing 7,000,000 ordinary shares of £1.00 each at par value. Subsequent to the balance sheet date, the allotment of 16,000,000 Ordinary Shares of £1.00 each to the immediate parent company for a total consideration of £16,000,000 was authorised and approved by BP Group management.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

19. Pensions

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

20. Immediate and ultimate controlling parent undertaking

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