BP EXPLORATION (ANGOLA) LIMITED
(Registered No 00615393)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors J S Blythe
A P Martin
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 $1,130,872 000 which, when added to the retained profit brought forward at 1 January 2012 of $2,158,037 000, gives a total retained profit carried forward at 31 December 2012 of $3,288,909,000

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 the United Kingdom

The company is the operator of Angola offshore block 31 with a participating interest of 26 67% It also has a participating interest in Angola offshore blocks 15 (26 67%) and 17 (16 67%) which are operated by ExxonMobil and Total respectively

The company also has an equity interest of 13 6% in the Angola liquified natural gas project The project involves the gas supply, gas sales and re-gasification of liquid natural gas The LNG plant is located in the Zaire province of Angola and is currently under construction

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

	2012	2011	Variance
	$000	$000	%
Turnover	3 598 163	3,143,088	14 5
Operating profit	2 058 849	1,804 541	14 1
Profit after taxation	1 130 872	928,642	21 8
Shareholders' funds	6 157 544	5 026,672	22 5

	2012	2011	Variance
	%	%	
Quick ratio*	35	32	3

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

The increase in turnover was due to a higher production in 2012 The development areas of Clochas and Macavola started production on 18 May 2012 Pazflor which started production in August 2011 benefited from a whole year of production in 2012 and PSVM started production on 6 December 2012 These increases were offset by a reduction in Mondo and Saxi

BP EXPLORATION (ANGOLA) LIMITED

REPORT OF THE DIRECTORS

Principal activities and review of the business (continued)

The increase in operating profit was mainly due to the increase in turnover of $455m This was offset by an increase in cost of sales of $168m and the increase in exploration expenses of $32m The cost of sales increase of $168m was driven mainly by increases in depreciation, depletion and amortisazion for $316m, in field and non-field production expenditure for $27m and transportation costs for $48m, all driven by the increase in production there was also an increase in upstream technology costs for $68m and the impact of removing some costs from the cost bank of $54m There was also an impairment charge of $25m relating to Xikomba, which ceased production in March 2011 and is currently being decommissioned These increases were offset by a net overlift decrease of $319m, a decrease in functional charges of $13m and by a decrease in information technology costs of $13m. The exploration expenses increase of $32m was due to write-off of exploration dry holes in Tchihumba, Dalia Visco and Tulipa.

The increase in profit after taxation was due to the net effect of the increase in operating profit described above, offset by the increase in interest payable and the increase in taxation mainly driven by the increase in turnover

The increase in shareholders' funds was due to the profit for the year

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)

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 (Angola) 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

BP EXPLORATION (ANGOLA) LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill (continued)

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

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

BP EXPLORATION (ANGOLA) LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Prices and markets (continued)

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.

Socio-political
The diverse nature of the company's operations 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 a country where political, economic and social transition is taking place Angola has 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

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

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

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

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

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

Regulatory (continued)

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

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

Principal risks and uncertainties (continued)

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 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

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

BP EXPLORATION (ANGOLA) LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Safety and operational risks (continued)

Drilling and production (continued)
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 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

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

BP EXPLORATION (ANGOLA) LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

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

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

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

Post balance sheet event

Subsequent to the balance sheet date the allotment of Ordinary Shares of £1 each at par value to the immediate parent company for a total consideration of $3,500 000,000 was authorised and approved by BP Group management

Directors

The present directors are listed on page 1

There have been no director appointments or resignations since 1 January 2012

BP EXPLORATION (ANGOLA) LIMITED

REPORT OF THE DIRECTORS

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 EXPLORATION (ANGOLA) LIMITED

REPORT OF THE DIRECTORS

Dii ectors' statement as to the disclosui e of infoi mation to the auditoi

The duectors who were members of the board at the time of approving the directoi s' ieport are listed on page 1 Having made enqumes of fellow duectoi s and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, theie is no information ielevant to the pieparation of theu ieport of which the company's auditoi is unawaie, and
- Each directoi has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit infoimation and to establish that the company's auditor is aware of that information

By Oider of the Boaid

For and on behalf ot
Sunbury Secretaiies Limited
Company Seci etary

20th September 2013

Registeied Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP EXPLORATION (ANGOLA) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are iesponsible for prepaimg the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepaie financial statements for each financial year Under that law the directois have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law) Undei company law the directors must not approve the financial statements unless they aie 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 directois aie iequired to

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that aie ieasonable and prudent.
- state whether applicable United Kingdom accounting standaids have been followed. subject to any material departuies disclosed and explained in the financial statements. and
- piepare the financial statements on the going concern basis unless it is inappiopriate to piesume that the company will continue in business

The directors are iesponsible for keeping adequate accounting iecoids that are sufficient to show and explain the company's transactions and disclose with reasonable accuiacy 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 foi safeguarding the assets of the company and hence for taking reasonable steps foi the prevention and detection of fiaud 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 opeiational existence for the foreseeable futuie. continue to adopt the going concern basis in pieparing the accounts

BP EXPLORATION (ANGOLA) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP EXPLORATION (ANGOLA) LIMITED

We have audited the financial statements of BP Exploration (Angola) 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 27 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
24 September 2013

BP EXPLORATION (ANGOLA) LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Exploration (Angola) Limited were approved for issue by the Board of Directors on 19 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

Basis of preparation

At 31 December 2012 the company's balance sheet had net current liabilities amounting to $2,979,442,000

The directors consider it appropriate to prepare the accounts on a going concern basis, since the parent undertaking agreed to provide sufficient finance whether directly or through one of its subsidiaries to enable the company to meet its liabilities as they fall due for the foreseeable future

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.

BP EXPLORATION (ANGOLA) LIMITED

ACCOUNTING POLICIES

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

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

Interest

Interest costs are not capitalised and are charged in the profit and loss account 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

BP EXPLORATION (ANGOLA) LIMITED

ACCOUNTING POLICIES

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

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

BP EXPLORATION (ANGOLA) LIMITED

ACCOUNTING POLICIES

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 Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection All other maintenance costs are expensed as incurred

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

Investments

Fixed asset investments in joint ventures 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

BP EXPLORATION (ANGOLA) LIMITED

ACCOUNTING POLICIES

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

Stocks are valued at cost to the company, using the first-in first-out method or net realisable value, whichever is the lower Stores are valued at cost to the company mainly using the average method or net realisable value, whichever is the 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

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

BP EXPLORATION (ANGOLA) LIMITED

ACCOUNTING POLICIES

Decommissioning (continued)

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

Environmental liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future earnings are expensed

Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated Generally the timing of these provisions coincides with the commitment to a formal plan of action or if earlier on divestment or on closure of inactive sites The amount recognised is the best estimate of the expenditure required Where the time value of money is material, the amount recognised is the present value of the estimated future expenditure

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

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

BP EXPLORATION (ANGOLA) LIMITED

ACCOUNTING POLICIES

Leases

Assets held under leases which transfer to the company substantially all risks and rewards incidental to ownership of the leased item are classified as finance leases, and are capitalised at inception of the lease at the fair value of the leased property or, if significantly lower, at the estimated present value of the minimum lease payments Lease payments are apportioned between the finance charges and the reduction of the lease liability The total finance charge is charged over the lease term so as to achieve a constant rate of interest on the remaining balance of the liability

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term

All other lease arrangements are classified as operating leases Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term

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 (ANGOLA) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		$000	$000
Turnover	1	3,598,163	3,143,088
Cost of sales		(1,480,491)	(1 312,285)
Gross profit		2,117,672	1,830,803
Exploration expenses		(41,920)	(9 866)
Administration expenses		(16,903)	(16,396)
Operating profit	2	2,058 849	1,804,541
Profit on sale or termination of operations		-	932
Profit on ordinary activities before interest and taxation		2,058,849	1,805,473
Interest payable and similar charges	4	(69,269)	(56,451)
Interest receivable and similar income	5	753	1,027
Profit before taxation		1 990,333	1,750,049
Taxation	6	(859,461)	(821 407)
Profit for the year		1,130,872	928,642

The profit of $1,130,872,000 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 (ANGOLA) LIMITED
(Registered No 00615393)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Fixed assets			
Intangible assets	8	592,010	695 871
Tangible assets	9	9,162,811	8,307 877
Investments	10	1,279,915	1,141,913
		11,034,736	10,145 661
Current assets			
Stocks	11	83,912	77,885
Debtors – amounts falling due			
within one year	12	1 670,934	1,290,761
after one year	12	3,673	3,673
Cash at bank and in hand	13	16,549	14,664
		1,775,068	1,386,983
Creditors: amounts falling due within one year	14	(4,754,512)	(4,079,013)
Net current liabilities		(2 979 442)	(2,692,030)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,055,293	7,453,631
Creditors: amounts falling due after more than one year	14	(25,622)	(555,400)
Provisions for liabilities and charges			
Deferred tax	6	(767,073)	(731,083)
Other provisions	17	(1,105,054)	(1,140,476)
NET ASSETS		6,157 544	5,026,672
Represented by			
Capital and reserves			
Called up share capital	18	2,868 635	2,868 635
Profit and loss account	19	3,288,909	2,158 037
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		6,157,544	5,026,672

On behalf of the Board

A P Martin
Director

20th September 2013

BP EXPLORATION (ANGOLA) LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover which is stated net of value added tax, customs duties and sales taxes represents amounts invoiced to third parties

An analysis of turnover by geographical market is given below

	2012	2011
	$000	$000
By geographical area		
UK	-	1,620
Rest of Europe	203,239	889,844
USA	883,050	799,517
Rest of World	2,511 874	1,452,107
Total	3,598,163	3,143,088

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
Hire charges under operating leases		
Plant & machinery	244,378	163 081
Land & buildings	12,836	12,187
Tanker charters	80,625	63 676
Currency exchange (gains) and losses	99	2,586
Depreciation of owned fixed assets	902,782	640,882
Depreciation of assets held under finance leases	66,706	12,174
Impairment	25 070	5,684

3. Auditor's remuneration

	2012	2011
	$000	$000
Fees for the audit of the company	41	39

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

4. Interest payable and similar charges

	2012	2011
	$000	$000
Interest expense on		
Bank loans and overdrafts	16.758	24.168
Loans from group undertakings	16,044	14.256
Finance leases	1 683	3.379
Other	30.197	8.299
Unwinding of discount on provisions – See note 17	4.587	6.349
	69 269	56.451

5. Interest receivable and similar income

	2012	2011
	$000	$000
Interest income from group undertakings	571	274
Other interest	182	753
	753	1.027

6. 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 in respect of the company's oil extraction activity in the UK and UK Continental Shelf because another group company, BP Exploration Operating Company Limited ("BPEOC"), has undertaken to provide for any current or deferred UK tax that arises

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 it is required and to provide for any current or deferred tax that arises without charge

The tax charge is made up as follows

	2012	2011
Current tax	$000	$000
Overseas tax on income for the year	823.471	885.805
Total current tax charged	823.471	885.805
Deferred tax		
Origination and reversal of timing differences	35,990	(64.398)
Total deferred tax charged	35,990	(64.398)
Tax charged on profit on ordinary activities	859,461	821.407

6. 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	1 990,333	1,750,049
Current taxation	823 471	885,805
Effective current tax rate	41%	51%

(a) Factors affecting the current tax charge (continued)

	2012	2011
	UK	UK
	%	%
UK corporation tax rate	24	26
Overseas corporation tax rate	-	-
Increase resulting from		
Fixed asset timing differences	12	10
Double tax relief	(36)	(36)
Current overseas tax	41	51
Effective current tax rate	41	51

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	1,387,061	1,396 777
Decommissioning and other provisions	(520 159)	(535,774)
Other timing differences	(85,833)	(129,920)
Losses carried forward	(13 996)	-
Provision for deferred tax	767 073	731 083

	2012
	\$000
At 1 January 2012	731,083
Deferred tax charged in the profit and loss account	35,990
At 31 December 2012	767,073

7. Directors and employees

(a) Remuneration of directors

The total remuneration for all serving directors for their period of directorship to the company amounted to $454,000 (2011 $462,000) A number of directors are senior executives of the BP Plc Group and received no remuneration for services to this company or its subsidiary undertakings

One director was a member of the defined benefit section of the BP Pension Fund at 31 December 2012 (2011 One)

The highest paid director received $454,000 (2011 $462,000) The accrued pension of the highest paid director at 31 December 2012 was $51 000 (2011 $72,000) The highest paid director did not exercise share options over BP p l c shares during the year

None of the directors exercised share options over BP p l c shares during the year (2011 None)

(b) Employee costs

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

8. Intangible assets

	Exploration expenditure
Cost	$000
At 1 January 2012	750,981
Additions	44,227
Transfers	(107,265)
At 31 December 2012	687,943
Amortisation and impairment	
At 1 January 2012	(55 110)
Impairment	(40,823)
At 31 December 2012	(95 933)
Net book value	
At 31 December 2012	592,010
At 31 December 2011	695,871

BP EXPLORATION (ANGOLA) LIMITED

NOTES TO THE ACCOUNTS

9. 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	21,248	20,440	13 314,490	1,212	13,357,390	3,404,898
Additions	154,238	72	1,587 717	200	1,742,227	1,370,424
Transfers	-	-	107 265	-	107,265	(2 515,277)
At 31 December 2012	175,486	20 512	15,009,472	1,412	15,206,882	2 260,045
Depreciation and impairment						
At 1 January 2012	(2,076)	(19,386)	(5,027 386)	(665)	(5,049,513)	-
Charge for the year	(11,612)	(714)	(957,006)	(156)	(969,488)	-
Impairment	-	-	(25,070)	-	(25 070)	-
At 31 December 2012	(13,688)	(20,100)	(6,009 462)	(821)	(6 044 071)	-
Net book value						
At 31 December 2012	161,798	412	9 000 010	591	9,162 811	2,260,045
At 31 December 2011	19,172	1,054	8,287 104	547	8,307,877	3,404,898
Principal rates of depreciation	3% - 5%	12% - 25%	Unit of production	25% - 33%		

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

The net book value of land and buildings comprises

	2012	2011
	$000	$000
Long leasehold	18 323	19,172

BP EXPLORATION (ANGOLA) LIMITED

NOTES TO THE ACCOUNTS

9. Tangible assets (continued)

Assets held under finance leases included above, are.

	Cost	Depreciation	Net book value
Leased assets	$000	$000	$000
At 31 December 2012	182,609	(112,186)	70,423
At 31 December 2011	182,609	(45 480)	137,130

10. Investments

	Joint venture shares
Cost	$000
At 1 January 2012	1,141,913
Additions	138 002
At 31 December 2012	1 279,915
Amounts provided at 1 January 2012 and 31 December 2012	-
Net book amount	
At 31 December 2012	1,279,915
At 31 December 2011	1,141 913

The joint venture 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

Additions comprise additional investment into Angola LNG Limited during the year

Joint ventures	Class of share held	%	Principal place of business	Principal activities
Angola LNG Limited	Ordinary	13 6	Angola	Construction of a liquified natural gas plant

11. Stocks

	2012	2011
	$000	$000
Raw materials and consumables	43 599	42,870
Trading stocks	40 313	35,015
	83 912	77,885

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

BP EXPLORATION (ANGOLA) 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	48 183	-	3,721	-
Amounts owed by group undertakings	466,592	-	296,221	-
Other debtors	931,258	3 673	752,312	3,673
Prepayments and accrued income	120,043	-	92 140	-
Taxation	104 858	-	146,367	-
	1,670 934	3,673	1 290,761	3,673

13. Cash at bank and in hand

Cash at bank and in hand at 31 December 2012 includes $11,526,000 that is restricted This relates to the funds related to the building of office space in Angola

14 Creditors

	2012 Within 1 year $000	2012 After 1 year $000	2011 Within 1 year $000	2011 After 1 year $000
Trade creditors	324,910	-	265,899	-
Amounts owed to group undertakings	2,964,923	-	2,642,910	-
Other creditors	809,459	-	561,451	-
Taxation	128 531	-	93,191	-
Accruals and deferred income	520,839	6,333	470,285	7 666
Loans (see note 15)	-	-	27 413	525,974
Obligations under leases (see note 16)	5,849	19,289	17,864	21,760
	4,754,512	25,622	4,079,013	555 400

15 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	-	-	553,387	-

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 have joint and several liability to the lenders

15. Loans (continued)

The loan is structured so that the loan repayments have a lower pnonty than Angolan taxes and expenditure

The loan was fully iepaid to the lendeis on 31 Decembei 2012

16. Obligations undei leases

Amounts due under finance leases are as follows

	2012	2011
Amounts payable	$000	$000
Within 1 yeai	5,481	16,169
Between 2 to 5 years	16,962	18,846
Thereaftei	8 177	11,774
	30,620	46,789
Less finance chaiges	(5,482)	(7,165)
Net obligations	25 138	39,624

Annual commitments under non-cancellable operating leases aie set out below

	2012	2011
	Other	Othei
	$000	$000
Operating leases which expire		
Within 1 year	-	490
Between 2 to 5 years	230,514	34 554
Theieaftei	359,116	156,950

17. Othei provisions

	Decom-missioning	Other	Total
	$000	$000	$000
At 1 January 2012	1,071,548	68 928	1,140,476
New oi increased piovisions	-	19 870	19,870
Wiite-back of unused provisions	(24,081)	(12 983)	(37,064)
Unwinding of discount	4 587	-	4 587
Utilisation	(11 735)	(11 080)	(22,815)
At 31 Decembei 2012	1,040 319	64 735	1 105,054

The company makes full piovision foi the future cost of decommissioning oil and natuial 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 $1,040,319,000 (2011 $1,071,548,000) The provision has been estimated using existing technology, at current prices and discounted using a real discount iate of 0 5% (2011 0 5%) These costs aie expected to be incurred ovei the next 20 yeais While the provision is based on the best estimate of futuie costs and the economic lives of the facilities and pipelines there is uncertainty regaiding both the amount and timing of incurring these costs

The othei piovision of $64,735,000 ielates to Angolan withholding tax and training levy It is expected to become due within four years

18. Called up share capital

	2012	2011
	$000	$000
Allotted, called up and fully paid		
1,705,555,250 Ordinary shares of £1 each for a total nominal value of £1,705 555,250	2,868,635	2,868,635

19. Capital and reserves

	Called up share capital	Profit and loss account	Total
	$000	$000	$000
At 1 January 2012	2,868,635	2,158,037	5,026,672
Profit for the year	-	1,130 872	1,130,872
At 31 December 2012	2,868,635	3,288,909	6 157,544

In 2012 the company paid no interim ordinary dividends (2011 $200,000,000)

20. Reconciliation of movements in shareholders' funds

	2012	2011
	$000	$000
Profit for the year	1,130,872	928,642
Dividends – current year interim paid	-	(200,000)
Net increase in shareholders' funds	1,130 872	728,642
Shareholders' funds at 1 January	5,026,672	4,298,030
Shareholders' funds at 31 December	6,157 544	5,026 672

21. 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 $3 300 000,000 (2011 $2 300,000,000)

BP EXPLORATION (ANGOLA) LIMITED

NOTES TO THE ACCOUNTS

22. Guarantees and other financial commitments

On 30 July 2010, BP Exploration (Angola) Limited, BP Exploration Beta Limited and BP Angola (Block 18) BV entered into a \$2 5bn term loan facility agreement Under the agreement the companies have joint and several liability to lenders

The loan is structured so that the loan repayments have a lower priority than Angolan taxes and expenditure

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

23. 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

24. Off-balance sheet arrangements

The company enters into operating lease arrangements for the hire of buildings and plant and equipment as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets The hire charges for the year are disclosed in note 2 and the annual commitments under these arrangements are disclosed in note 16 There are no other material off-balance sheet arrangements

25. Post balance sheet event

Subsequent to the balance sheet date, the allotment of Ordinary Shares of £1 each at par value to the immediate parent company for a total consideration of \$3,500,000,000 was authorised and approved by BP Group management

26. Pensions

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

27 Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP Exploration Operating Company Limited, a company registered in England and Wales The ultimate controlling parent undertaking is BP p l c , a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to 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