

**BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

**(Registered No 02515099)**

**ANNUAL REPORT AND ACCOUNTS 2011**

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 2011

**Results and dividends**

The loss for the year after taxation was £48,309,668 which, when deducted from the retained profit brought forward at 1 January 2011 of £8,143,737, gives a total retained deficit carried forward at 31 December 2011 of £40,165,931

The company has not declared any dividends during the year (2010 £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

	2011 £	2010 £	Variance %
Dividend income	388,897	1,766,303	(78)
Loss on ordinary activities before interest and taxation	(48,476,342)	(674,890)	7,083
Loss after taxation	(48,309,668)	(469,368)	10,192
Shareholders' (deficit) / funds	(14,225,027)	34,084,641	(142)

	2011 %	2010 %	Variance
Current assets as % of current liabilities (quick ratio)	44	3	41

Profitability has decreased as a consequence of the impairment charges of £40,208,105 pertaining to the investment in subsidiaries and associated companies. The investments were impaired in light of the winding down of the solar business and intended liquidation plans.

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## **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.

Consider carefully the risks described below and the potential impact of their occurrence on the business, financial condition and results of operations for the company.

Company level risks have been categorised against the following areas: strategic, 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.

There is significant uncertainty in the extent and timing of costs and liabilities relating to the Incident, the impact of the Incident on the reputation of the BP group and the resulting possible impact on the company's ability to access new opportunities. There is also significant uncertainty regarding potential changes in applicable regulations and the operating environment that may result from the Incident. These increase the risks to which the group and therefore the company are exposed to. These uncertainties are likely to continue for a significant period. 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 BP Group recognized charges totalling \$40.9 billion in 2010 and a credit of \$3.7 billion in 2011 as a result of the Incident. The total amounts that will ultimately be paid by BP in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors. Furthermore, the amount of claims that become payable by BP, the amount of fines ultimately levied on BP (including any potential determination of BP's negligence or gross negligence), the outcome of litigation, and any costs arising from any longer-term environmental consequences of the oil spill, will also impact upon the ultimate cost for BP. Although the provision recognized is the current best estimate of expenditures required to settle certain present obligations at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligation reliably. 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 2011.

## **BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

### **REPORT OF THE DIRECTORS**

#### **Principal risks and uncertainties (continued)**

##### **Strategic 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 political instability, changes to the regulatory environment, expropriation or nationalisation of property, civil strife, strikes, acts of war and insurrections. Any of these conditions could disrupt or terminate the company's operations, causing its development activities to be curtailed or terminated, or its production to decline, and could cause it to incur additional costs. In particular, the company's investments in Greece and Italy 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 company remains exposed to changes in the external environment, such as new laws and regulations (whether imposed by international treaty or by national or local governments in the jurisdictions in which we operate), changes in tax or royalty regimes, price controls, government actions to cancel or renegotiate contracts, market volatility or other factors. Such factors could reduce the company's profitability from operations in certain jurisdictions, limit its opportunities for new access, require it to divest or write-down certain assets or affect the adequacy of its provisions for pensions, tax, environmental and legal liabilities. Potential changes to pension or financial market regulation could also impact funding requirements of the company.

###### ***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. BP'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.

#### **Events since the balance sheet date**

After the balance sheet date, 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.

On 17 April 2012, the company has made a capital reserve injection to BP Solar Deutschland GmbH, a subsidiary undertaking of the company amounting to EUR7,000,000.

On 26 April 2012, a subsidiary undertaking of the company, BP Solar Malaysia Sdn Bhd was liquidated.

On 29 June 2012, an associated undertaking of the company, Solar Farm Investments Pty Ltd was sold.

## **BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

### **REPORT OF THE DIRECTORS**

#### **Events since the balance sheet date (continued)**

Additionally, the company sold its 51% interest in TATA BP Solar India Ltd to a third party after the balance sheet date

#### **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 2011 are as follows

	<u>Appointed</u>	<u>Resigned</u>
J W McKinney	-	1 January 2012
J S Morgan	-	28 February 2011
J C M Adams	28 February 2011	27 February 2012
D S Knapp	1 January 2012	-
R G Mason	27 February 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

*25 September*

2012

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 proper 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 2011 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 2011 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

*26 September* 2012



# **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 19 SEPTEMBER 2012

These accounts are prepared in accordance with applicable UK accounting standards

### **Accounting convention**

The accounts are prepared under the historical cost convention

### **Basis of preparation**

At 31 December 2011 the company's balance sheet had total net liabilities amounting to £14,225,027

The directors consider it appropriate to prepare the accounts on a going concern basis as the company received an injection of cash from its immediate parent of £16,000,000 subsequent to the balance sheet date

### **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.

### **Interest**

Interest is charged against income in the year in which it is incurred.

### **Interest income**

Interest income is recognised on an accruals basis.

## **BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

### **ACCOUNTING POLICIES**

#### **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.

#### **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, 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 2011**

		<u>2011</u>	<u>2010</u>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Dividend income</b>	<b>1</b>	388,897	1,766,303
Administration expenses		(57,082)	(1,441,193)
<b>Operating profit</b>	<b>2</b>	<u>331,815</u>	<u>325,110</u>
Amounts provided against fixed assets	<b>4</b>	(40,208,105)	(1,000,000)
Loss on deemed disposal of a subsidiary undertaking	<b>4</b>	(8,600,052)	-
<b>Loss on ordinary activities before interest and taxation</b>		<u>(48,476,342)</u>	<u>(674,890)</u>
Interest payable and similar charges	<b>5</b>	(250,126)	(306,368)
Interest receivable and similar income	<b>6</b>	416,800	511,890
<b>Loss before taxation</b>		<u>(48,309,668)</u>	<u>(469,368)</u>
Taxation	<b>7</b>	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<u>(48,309,668)</u>	<u>(469,368)</u>

The loss of £48,309,668 for the year ended 31 December 2011 has derived in its entirety from continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of £48,309,668 for the year ended 31 December 2011 (2010 loss of £469,368)

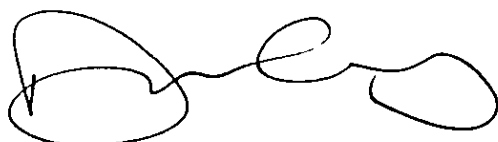
**BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

(Registered No 02515099)

**BALANCE SHEET AT 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investments	9	15,629,234	38,697,324
<b>Current assets</b>			
Debtors – amounts falling due within one year	10	22,890,335	281,607
after one year	10	-	24,405,509
		22,890,335	24,687,116
<b>Creditors: amounts falling due within one year</b>	11	(52,606,588)	(8,083,342)
<b>Net current (liabilities) / assets</b>		(29,716,253)	16,603,774
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(14,087,019)	55,301,098
<b>Creditors: amounts falling due after more than one year</b>	11	-	(21,078,449)
<b>Provisions for liabilities and charges</b>			
Other provisions	13	(138,008)	(138,008)
<b>NET (LIABILITIES) / ASSETS</b>		(14,225,027)	34,084,641
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	15	25,940,904	25,940,904
Profit and loss account	15	(40,165,931)	8,143,737
<b>SHAREHOLDERS' (DEFICIT) / FUNDS – EQUITY INTERESTS</b>		(14,225,027)	34,084,641

On behalf of the Board


Dominic Emery  
Director

25 September 2012

**BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS**

**1. Dividend income**

	<u>2011</u>	<u>2010</u>
	£	£
Dividend income from shares in subsidiary undertaking	<u>388,897</u>	<u>1,766,303</u>

**2. Operating profit**

This is stated after charging / (crediting)

	<u>2011</u>	<u>2010</u>
	£	£
Currency exchange losses / (gains)	<u>582,793</u>	<u>(229,261)</u>

**3. Auditor's remuneration**

	<u>2011</u>	<u>2010</u>
	£	£
Fees for the audit of the company	<u>23,046</u>	<u>24,806</u>

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 as follows

	<u>2011</u>	<u>2010</u>
	£	£
Amounts provided against fixed assets	(40,208,105)	(1,000,000)
Loss on deemed disposal of a subsidiary undertaking	(8,600,052)	-
Exceptional items (net of tax)	<u>(48,808,157)</u>	<u>(1,000,000)</u>

There is no tax effect on the disposal of fixed assets

In addition, exceptional items include £40,208,105 (2010 £1,000,000) provided in respect of investments in subsidiaries and associates. This provision has no taxable effect.

**5. Interest payable and similar charges**

	<u>2011</u>	<u>2010</u>
	£	£
Interest expense on loans from group undertakings	<u>250,126</u>	<u>306,368</u>

**BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS**

**6. Interest receivable and similar income**

	<u>2011</u>	<u>2010</u>
	£	£
Interest income from group undertakings	195,423	214,586
Dividends on preference shares	<u>221,377</u>	<u>297,304</u>
	<u>416,800</u>	<u>511,890</u>

**7. Taxation**

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. No 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 following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation.

	<u>2011</u>	<u>2010</u>
	£	£
Loss before taxation	48,309,668	469,368
Current taxation	-	-
Effective current tax rate	0%	0%

	<u>2011</u>	<u>2010</u>
	%	%
UK statutory corporation tax rate	26	28
Increase / (decrease) resulting from		
Non-deductible expenditure / non-taxable income	(26)	63
Free group relief	<u>-</u>	<u>(91)</u>
Effective current tax rate	<u>-</u>	<u>-</u>

**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 (2010 Nil).

**(b) Employee costs**

The company had no employees during the year (2010 £ Nil).

**BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS**

**9. Investments**

	Subsidiary shares	Investment in associate shares	Joint venture shares	Total
Cost	£	£		£
At 1 January 2011	36,318,021	3,578,812	-	39,896,833
Additions	25,740,067	-	5,465,458	31,205,525
Deemed disposals	(14,065,510)	-	-	(14,065,510)
At 31 December 2011	<u>47,992,578</u>	<u>3,578,812</u>	<u>5,465,458</u>	<u>57,036,848</u>
<b>Amounts provided</b>				
At 1 January 2011	1,199,509	-	-	1,199,509
Charge for the year	36,629,294	3,578,811	-	40,208,105
At 31 December 2011	<u>37,828,803</u>	<u>3,578,811</u>	<u>-</u>	<u>41,407,614</u>
<b>Net book amount</b>				
At 31 December 2011	<u>10,163,775</u>	<u>1</u>	<u>5,465,458</u>	<u>15,629,234</u>
At 31 December 2010	<u>35,118,512</u>	<u>3,578,812</u>	<u>-</u>	<u>38,697,324</u>

The investments in the subsidiary and associated undertakings are unlisted

On 1 July 2011, TATA BP Solar India Ltd has ceased to be a subsidiary undertaking of the company due to loss of deemed control over the operation of TATA BP Solar India Ltd. As the company subsequently retains interest in TATA BP Solar India Ltd, its investment therein is accounted for as a joint venture

On 27 October 2011, the company made an additional capital injection in BP Solar France of £25,740,067

Impairment charges were provided on investments in the subsidiary and associated undertakings in light of the wind-down of the solar business and intended liquidation plans

The subsidiary undertakings, associated undertakings and joint venture of the company at 31 December 2011 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 Malaysia Sdn Bhd	Ordinary	100	Malaysia	Manufacture and marketing of solar equipment
BP Solar Italia S r l	Ordinary	100	Italy	Manufacture and marketing of solar equipment
BP Solar Hellas S A	Ordinary	100	Greece	Manufacture and marketing of solar equipment
BP Solar Deutschland GmbH	Ordinary	100	Germany	Manufacture and marketing of solar equipment
Solarex Electric Limited	Ordinary	100	China	Manufacture and marketing of solar equipment
BP Solar France	Ordinary	100	France	Manufacture and marketing of solar equipment

**BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS**

**9. Investments (continued)**

<b>Associated undertakings</b>	<b>Class of share held</b>	<b>%</b>	<b>Country of incorporation</b>	<b>Issued share capital</b>	<b>Principal activity</b>
BP Sunoasis (Prime) Company Ltd	Ordinary	49	China	RMB 41,176,471	Manufacture and marketing of solar equipment
BP Sunoasis Company Ltd	Ordinary	49	China	RMB 42,230,000	Manufacture and marketing of solar equipment
Solar Farm Investments Pty Ltd	Ordinary	16	Australia	AUD 100	Manufacture and marketing of solar equipment
<b>Joint venture</b>	<b>Class of share held</b>	<b>%</b>	<b>Principal place of business</b>	<b>Principal activities</b>	
TATA BP Solar India Ltd	Ordinary	51	India		Manufacture and marketing of solar equipment

**10. Debtors**

	<u>2011</u>	<u>2010</u>	<u>2010</u>
	<u>Within 1 year</u>	<u>Within 1 year</u>	<u>After 1 year</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Amounts owed by group undertakings	22,766,355	-	24,405,509
Prepayments and accrued income	123,979	281,607	-
	<u>22,890,335</u>	<u>281,607</u>	<u>24,405,509</u>

**11. Creditors**

	<u>2011</u>	<u>2010</u>	<u>2010</u>
	<u>Within 1 year</u>	<u>Within 1 year</u>	<u>After 1 year</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Trade creditors	4,609	3,651	-
Amounts owed to group undertakings	32,598,757	7,121,440	-
Accruals and deferred income	47,707	958,251	-
Loans (see note 12)	19,955,515	-	21,078,449
	<u>52,606,588</u>	<u>8,083,342</u>	<u>21,078,449</u>



**BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS**

**12. Loans**

Loans repayable, included within creditors, are analysed as follows

	<u>2011</u>	<u>2010</u>
	Within	Within
	5 years	5 years
	£	£
Wholly repayable	<u>19,955,515</u>	<u>21,078,449</u>

**13. Other provisions**

	<u>Total</u>
	£
At 1 January 2011 and 31 December 2011	<u>138,008</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 next year

**14. Called up share capital**

	<u>2011</u>	<u>2010</u>
	£	£
Allotted, called up and fully paid		
25,940,904 Ordinary shares of £1 each for a total nominal value of		
£25,940,904	<u>25,940,904</u>	<u>25,940,904</u>

**15. Capital and reserves**

	<u>Called up</u>	<u>Profit and</u>	<u>Total</u>
	<u>share</u>	<u>loss</u>	
	<u>capital</u>	<u>account</u>	<u>£</u>
	£	£	
At 1 January 2011	25,940,904	8,143,737	34,084,641
Loss for the year	-	(48,309,668)	(48,309,668)
At 31 December 2011	<u>25,940,904</u>	<u>(40,165,931)</u>	<u>(14,225,027)</u>

# **BP ALTERNATIVE ENERGY HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS**

### **16. Reconciliation of movements in shareholders' fund**

	2011	2010
	£	£
Loss for the year	(48,309,668)	(469,368)
Net decrease in shareholders' funds	(48,309,668)	(469,368)
Shareholders' funds at 1 January	34,084,641	34,554,009
Shareholders' (deficit) / funds at 31 December	(14,225,027)	34,084,641

### **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.

### **18. Post balance sheet event**

After the balance sheet date, 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.

On 17 April 2012, the company has made a capital reserve injection to BP Solar Deutschland GmbH, a subsidiary undertaking of the company amounting to EUR7,000,000.

On 26 April 2012, a subsidiary undertaking of the company, BP Solar Malaysia Sdn Bhd was liquidated.

On 29 June 2012, an associated undertaking of the company, Solar Farm Investments Pty Ltd was sold.

Additionally, the company sold its 51% interest in TATA BP Solar India Ltd to a third party after the balance sheet date.

### **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 of this company is BP International Limited, a company registered in England and Wales. The ultimate controlling parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP plc, a company registered in England and Wales. Copies of BP plc's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.