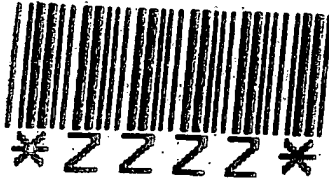


SEPARATOR SHEET



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BP ALTERNATIVE ENERGY HOLDINGS LIMITED

(Registered No.02515099)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

Board of Directors: C W Coburn
D T Anderson
D S Knapp
R G Mason

The directors present the strategic report, their report and the financial statements for the year ended 31 December 2014.

STRATEGIC REPORT

Results

The loss for the year after taxation was \$2,760,490 which, when added to the retained loss brought forward at 1 January 2014 of \$132,689,986, gives a total retained loss carried forward at 31 December 2014 of \$135,450,476.

Principal activity and review of the business

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

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

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
	\$	\$	%
Operating loss	(2,703,833)	(29,974,158)	(91)
Loss for the year	(2,760,490)	(29,782,858)	(91)
Deficiency in total equity	(1,583,767)	(31,061,527)	(95)
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
	%	%	
Quick ratio*	7	-	7

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

The significant decrease in the losses of the company for the year is driven by completion of disposals of subsidiary undertakings and joint ventures in the past two years. In 2014, the company has only one investment in a subsidiary, BP Solar Hellas S.A., which was fully provided against in the year. The deficiency in total equity has also reduced as a result of the capital injections during 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 for the group.

The risks listed below, separately or in combination, could have a material adverse effect on the implementation of the company's strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation. Unless stated otherwise, further details on these risks are included within the risk factors in the strategic report of the BP group Annual Report and Form 20-F for the year ended 31 December 2014.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

STRATEGIC REPORT

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill

On 2 July 2015 BP Exploration & Production Inc. signed agreements in principle to settle all federal and state claims, and claims made by more than 400 local government entities, arising from the oil spill. These agreements are subject to the execution of definitive agreements and court approval of the Consent Decree relating to such settlement. There continues to be uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the 2010 Gulf of Mexico oil spill not covered by the agreements in principle.

Strategic and commercial risks

Major project delivery

Failure to invest in the best opportunities or deliver major projects successfully could adversely affect the company's financial performance.

Geopolitical

The company is exposed to a range of political developments and consequent changes to the operating and regulatory environment.

Insurance

The BP group's insurance strategy could expose the BP group to material uninsured losses which in turn could adversely affect the company.

Compliance and control risks

US government settlements

The BP group's settlements with legal and regulatory bodies in the US in respect of certain charges related to the Gulf of Mexico oil spill may expose the BP group to further penalties, liabilities and private litigation, which in turn could have adverse impacts on the company or could result in suspension or debarment of the company.

Reporting

Failure to accurately report the company's data could lead to regulatory action, legal liability and reputational damage.

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures including market risks relating to foreign currency exchange rates and interest rates. Further details on these financial risks are included within Note 27 of the BP group Annual Report and Form 20-F for the year ended 31 December 2014.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

STRATEGIC REPORT

By Order of the Board



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

28 September 2015

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

DIRECTORS' REPORT

Directors

The present directors are listed on page 1.

C W Coburn, D S Knapp and R G Mason served as directors throughout the financial year. Changes since 1 January 2014 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
D T Anderson	11 February 2014	-
D Emery	-	11 February 2014

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

Dividends

The company has not declared any dividends during the year (2013: \$Nil). The directors do not propose the payment of a dividend.

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium Companies and Group Regulations 2008 in the strategic report under Financial risk management.

Post balance sheet event

After the balance sheet date, 1,500,000 ordinary shares of £1 each for a total nominal value of \$2,330,000, were allotted to the immediate parent company at par value.

Future developments

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.

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

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

DIRECTORS' REPORT

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

28 September 2015

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 FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). 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 financial statements, the directors are required to:

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

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

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

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 2014 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 6, 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). Those 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 Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Strategic Report and 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

Jacqueline Ann Geary (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

29 September 2015

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Administrative expenses		(119,012)	(4,803,312)
Profit on liquidation of subsidiary undertakings	5	-	1,908,971
Loss on disposal of fixed assets	6	-	(13,672,650)
Amounts provided against fixed assets	6	(2,584,821)	(13,407,167)
Operating loss	3	(2,703,833)	(29,974,158)
Interest receivable and similar income	7	-	706,129
Interest payable and similar charges	8	(56,657)	(514,829)
Loss before taxation		(2,760,490)	(29,782,858)
Taxation	9	-	-
Loss for the year		(2,760,490)	(29,782,858)

The loss of \$2,760,490 for the year ended 31 December 2014 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

There is no other comprehensive loss attributable to the shareholders of the company other than the loss for the year.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED**(Registered No.02515099)****BALANCE SHEET AT 31 DECEMBER 2014**

	Note	<u>2014</u> \$	<u>2013</u> \$	<u>2012</u> \$
Fixed assets				
Investment	11	-	2,584,821	15,927,455
		-	2,584,821	15,927,455
Current assets				
Debtors	12	383,166	450,894	61,107,506
Creditors: amounts falling due within one year	13	(1,966,933)	(32,697,733)	(114,584,841)
Net current liabilities		(1,583,767)	(32,246,839)	(53,477,335)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,583,767)	(29,662,018)	(37,549,880)
Creditors: amounts falling due after more than one year	13	-	(1,333,322)	-
Provisions for liabilities and charges				
Other provisions	14	-	(66,187)	(135,438)
NET LIABILITIES		(1,583,767)	(31,061,527)	(37,685,318)
Capital and reserves				
Called up share capital	15	133,866,709	101,628,459	65,221,810
Profit and loss account	16	(135,450,476)	(132,689,986)	(102,907,128)
DEFICIENCY IN EQUITY		(1,583,767)	(31,061,527)	(37,685,318)

On behalf of the Board


D T Anderson
Director

28 September 2015

BP ALTERNATIVE ENERGY HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>Called up share capital (Note 15)</u>	<u>Profit and loss account (Note 16)</u>	<u>Total</u>
	\$	\$	\$
Balance at 1 January 2013	65,221,810	(102,907,128)	(37,685,318)
Loss for the year, representing total comprehensive loss	-	(29,782,858)	(29,782,858)
Issue of share capital	<u>36,406,649</u>	<u>-</u>	<u>36,406,649</u>
Balance at 31 December 2013	101,628,459	(132,689,986)	(31,061,527)
Loss for the year, representing total comprehensive loss	-	(2,760,490)	(2,760,490)
Issue of share capital	<u>32,238,250</u>	<u>-</u>	<u>32,238,250</u>
Balance at 31 December 2014	<u>133,866,709</u>	<u>(135,450,476)</u>	<u>(1,583,767)</u>

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2014**

1. Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of BP Alternative Energy Holdings Limited for the year ended 31 December 2014 were approved by the board of directors on 17 September 2015 and the balance sheet was signed on the board's behalf by D T Anderson. BP Alternative Energy Holdings Limited is a limited company incorporated in England and Wales. The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2014 the company has changed its accounting framework from previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP) to FRS 101 as issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 and the provisions of the Companies Act 2006. A qualifying entity may apply FRS 101 for accounting periods beginning on or after 1 January 2015, however early application is permitted by the standard and as such BP Alternative Energy Holdings Limited has elected to apply FRS 101 early.

The prior year financial statements were re-stated for adjustments on adoption of FRS 101 in the current year. For more information see Note 19.

2. Significant accounting policies, judgements, estimates and assumptions

The significant accounting policies and critical accounting judgements, estimates and assumptions of the company are set out below.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The accounting policies that follow have been consistently applied to all years presented.

These financial statements are separate financial statements. The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group financial statements of BP p.l.c. Details of the parent in whose consolidated financial statements the company is included in are shown in Note 20 to the financial statements.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2014**

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Basis of preparation (continued)

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (c) the requirements of paragraphs 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (h) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group financial statements of BP p.l.c. The group financial statements of BP p.l.c. are available to the public and can be obtained as set out in Note 20.

The financial statements are presented in US dollars and all values are rounded to the nearest whole number in dollars (\$).

Critical accounting policies: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used. The critical judgements and estimates that could have a significant impact on the results of the company are set out below and should be read in conjunction with the information provided in the Notes to the financial statements:

Interests in other entities

Judgement is required in assessing the level of control obtained in a transaction to acquire an interest in another entity: depending upon the facts and circumstances in each case, the company may obtain control, joint control or significant influence over the entity or arrangement. Transactions which give the company control of a business are business combinations. If the company obtains joint control of an arrangement, judgement is also required to assess whether the arrangement is a joint operation or a joint venture. If the company has neither control nor joint control, it may be in a position to exercise significant influence over the entity, which is then accounted for as an associate held at cost.

Impairment of financial assets

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against the future recoverability of those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2014**

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Critical accounting policies: use of judgements, estimates and assumptions (continued)

Provisions and contingent liabilities

The provision recognised is the best reliable estimate of expenditures required to settle certain present obligations at the end of the reporting period, however there are future expenditures for which it is not possible to measure the obligation reliably. These are not provided for and are disclosed as contingent liabilities. Accounting judgement is required to identify when a provision can be measured reliably, which can be especially challenging when complex litigation activities are ongoing.

In addition, for those provisions which are recognised, there is significant estimation uncertainty about the amounts that will ultimately be paid. A provision is made for these costs when the amount can be measured reliably; this requires an analysis of claims received and processed and consideration of the status of ongoing legal activity.

Going concern

The directors consider it appropriate to prepare the financial statements on a going concern basis because since the balance sheet date, the company received an injection of cash from its immediate parent of \$2,330,000.

Foreign currency

On transition to FRS 101 the company's functional and presentational currency has been changed from GBP sterling to US dollars effective 1 January 2011. BP Alternative Energy Holdings Limited is an intermediate holding company and as such is considered to be an extension of its parent company BP International Limited. Therefore in accordance with IAS 21, BP Alternative Energy Holdings Limited should look up to BP International Limited to determine its functional currency. As a result, the change has been made retrospectively to the date that BP International Limited changed to USD, i.e. from 1 January 2011. The 2012 and 2013 comparatives disclosed in these financial statements have been restated.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction, where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the profit and loss account. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Investments

Fixed asset investments in subsidiaries are held at cost. The company assesses investments for an impairment indicator annually. If, any such indication of possible impairment exists, the company makes an estimate of the investment's 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.

Where these circumstances have reversed the impairment previously made is reversed to the extent of the original cost of the investment.

Financial assets

Financial assets are classified as loans and receivables; financial assets at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; held-to-maturity financial assets; or as available-for-sale financial assets, as appropriate. Financial assets may include cash and cash equivalents, trade receivables, other receivables, loans, other investments, and derivative financial instruments. The company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial assets depends on their classification, as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes trade and other receivables.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognised in the profit and loss account.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2014**

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss; derivatives designated as hedging instruments in an effective hedge; or as financial liabilities measured at amortised cost, as appropriate. Financial liabilities include trade and other payables, accruals, most items of finance debt and derivative financial instruments. The company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other income and finance costs. This category of financial liabilities includes trade and other payables.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the company currently has a legally enforceable right to set off the recognised amounts; and the company intends to either settle on a net basis or realise the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net.

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.

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 risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised within finance costs. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2. Significant accounting policies, judgements, estimates and assumptions (continued)

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off taxation assets against taxation liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Interest income

Interest income is recognised as the interest accrues (using the effective interest rate that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Finance costs

All finance costs are recognised in the profit and loss account in the period in which they are incurred.

Exceptional items

The company presents as exceptional items those material items impacting the profit and loss account which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. Operating loss

This is stated after charging / (crediting):

	<u>2014</u>	<u>2013</u>
	\$	\$
Net foreign exchange losses / (gains)	6,521	(628,272)
Litigation settlement on BP Solar France disposal –Aerowatt	<u>-</u>	<u>1,788,832</u>

4. Auditor's remuneration

	<u>2014</u>	<u>2013</u>
	\$	\$
Fees for the audit of the company	<u>12,304</u>	<u>15,873</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 financial statements since the consolidated financial statements of BP Alternative Energy Holdings Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

5. Profit on liquidation of subsidiary undertakings

	<u>2014</u>	<u>2013</u>
	\$	\$
Profit on liquidation of subsidiary undertakings	<u>-</u>	<u>1,908,971</u>

Profit was made on liquidation of the company's subsidiary undertakings, where the subsidiary's distributable reserves were paid up to the company and the share capital of subsidiary was cancelled, resulting in a net profit on liquidation as disclosed above.

6. Exceptional items

Exceptional items comprise the loss on disposal of fixed assets and amounts provided against fixed assets as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Loss on disposal of fixed assets	-	13,672,650
Amounts provided against fixed assets	2,584,821	13,407,167
Exceptional items (net of tax)	<u>2,584,821</u>	<u>27,079,817</u>

There is no tax effect on these items.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. Interest receivable and similar income

	2014	2013
	\$	\$
Interest income from amounts owed by group undertaking	-	706,129

8. Interest payable and similar charges

	2014	2013
	\$	\$
Interest expense on amounts owed to group undertaking	56,657	514,829

9. Taxation

The company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. In the prior year, no UK corporation tax had been provided because another group company, BP International Limited, had undertaken to procure the claim or surrender of group relief to the extent it was required and to provide for any current or deferred UK tax that arose without charge. During the period that agreement was terminated and as a result for 2014 UK corporation tax has been provided in this company.

Reconciliation of the effective tax rate

The tax assessed on the loss for the year is lower than the standard rate of corporation tax in the UK of 21% for the year ended 31 December 2014 (2013: 23%). The differences are reconciled below:

	2014	2013
	\$	\$
Loss before taxation	(2,760,490)	(29,782,858)
Taxation	-	-
Effective tax rate	0%	0%
	2014	2013
	%	%
UK statutory corporation tax rate:	21	23
Increase / (decrease) resulting from:		
Non-deductible expenditure	(21)	(24)
Free group relief	-	1
Effective tax rate	-	-

Change in corporation tax rate

The UK corporation tax rate was reduced from 23% to 21% effective 1 April 2014 and will reduce to 20% from 1 April 2015.

\$15 million of deductible temporary differences with no fixed expiry date have not been recognised on the basis it is not probable that taxable profit will be available against which these temporary differences can be utilised.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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10. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2013: \$Nil).

(b) Employee costs

The company had no employees during the year (2013: None).

11. Investment

	Investment in subsidiary
Cost	\$
At 1 January 2013	101,869,451
Additions	13,407,167
Disposals	(110,907,777)
At 1 January 2014 / At 31 December 2014	<u>4,368,841</u>
Impairment losses	
At 1 January 2013	85,941,996
Charge for the year	13,407,167
Disposals	(97,565,143)
At 1 January 2014	<u>1,784,020</u>
Charge for the year	<u>2,584,821</u>
At 31 December 2014	<u>4,368,841</u>
Net book amount	
At 31 December 2014	<u>-</u>
At 31 December 2013	<u>2,584,821</u>
At 1 January 2013	<u>15,927,455</u>

The investment in the subsidiary undertaking is unlisted.

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11. Investment (continued)

The subsidiary undertaking of the company at 31 December 2014 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 undertaking	Class of share held	%	Country of incorporation	Principal activity
BP Solar Hellas S.A.	Ordinary shares	100	Greece	Manufacturing and marketing of solar equipment

On 5 February 2015, BP Solar Hellas S.A. was dissolved thus full impairment was provided for on the carrying value of the investment as at 31 December 2014.

12. Debtors

Amounts falling due within one year:

	2014	2013	2012
	\$	\$	\$
Amounts owed by group undertakings	-	16,513	61,018,764
Other debtor	139,886	-	-
Prepayments and accrued income	-	-	88,742
	<u>139,886</u>	<u>16,513</u>	<u>61,107,506</u>

Amounts falling due after one year:

	2014	2013	2012
	\$	\$	\$
Other debtor	243,280	434,381	-
	<u>243,280</u>	<u>434,381</u>	<u>-</u>
Total debtors	<u>383,166</u>	<u>450,894</u>	<u>61,107,506</u>

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

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13. Creditors

Amounts falling due within one year:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Trade creditors	4,170	-	39,491
Amounts owed to group undertakings	1,737,827	31,511,591	114,545,350
Other creditors	224,936	1,186,142	-
	<u>1,966,933</u>	<u>32,697,733</u>	<u>114,584,841</u>

Amounts falling due after one year:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Other creditors	-	1,333,322	-
	<u>-</u>	<u>1,333,322</u>	<u>-</u>
Total creditors	<u>1,966,933</u>	<u>34,031,055</u>	<u>114,584,841</u>

14. Other provisions

	<u>Total</u>
	\$
At 1 January 2013	135,438
Write-back of unused provisions	(69,251)
At 31 December 2013 / At 1 January 2014	66,187
Exchange adjustments	(4,158)
Write-back of unused provisions	(62,029)
At 31 December 2014	<u>-</u>

The provision was for warranty obligations associated with a turnkey project sold in the Netherlands. Following the transfer of the UK solar business to the Company from BP Alternative Energy International Limited these obligations also transferred. The last warranty expired on 31 December 2014 and unused provisions were written back as at 31 December 2014.

15. Called up share capital

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Issued and fully paid:			
83,940,904 Ordinary share of £1 each for a total nominal value of £83,940,904	<u>133,866,709</u>	<u>101,628,459</u>	<u>65,221,810</u>

On 24 June 2014, 19,000,000 ordinary shares of £1 each for a total nominal value of \$32,238,250 were allotted to parent company at par value.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

16. Reserves

Called up share capital

The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

Profit and loss account

The balance held on this reserve is the accumulated retained profits of the company.

17. Related party transactions

The company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel. There were no other related party transactions in the year.

18. Post balance sheet event

After the balance sheet date, 1,500,000 ordinary shares of £1 each for a total nominal value of \$2,330,000, were allotted to the immediate parent company at par value.

19. Explanation of transition to FRS 101

For all periods up to and including the year ended 31 December 2013, the company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2014, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2013 and the significant accounting policies meeting those requirements are described in the relevant notes.

On transition to FRS 101, the company has applied the requirements of paragraphs 6 – 33 of IFRS 1 'First time adoption of International Financial Reporting Standards'.

Exemptions applied

IFRS 1 allows first time adopters certain exemptions from the general requirements to apply IFRSs as effective for December 2014 year ends retrospectively. The company has taken advantage of the following exemption:

(a) business combinations (paragraphs C1 – C5)

On transition to FRS 101 the company's functional and presentational currency has been changed from GBP sterling to US dollars effective 1 January 2011. BP Alternative Energy Holdings Limited is an intermediate holding company and as such is considered to be an extension of its parent company BP International Limited. Therefore in accordance with IAS 21, BP Alternative Energy Holdings Limited should look up to BP International Limited to determine its functional currency. As a result, the change has been made retrospectively to the date that BP International Limited changed to USD, i.e. from 1 January 2011. The 2012 and 2013 comparatives disclosed in these financial statements have been restated.

BP ALTERNATIVE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

19. Explanation of transition to FRS 101 (continued)

Reconciliation of deficiency in equity

	1 January 2013	31 December 2013
	\$	\$
Deficiency in equity reported under previous UK GAAP (with USD presentation currency)	(36,915,342)	(30,875,469)
Deficiency in equity reported under FRS 101 (with USD functional currency)	(37,685,318)	(31,061,527)
	<u>(769,976)</u>	<u>(186,058)</u>

Notes to the reconciliation of deficiency in equity at 1 January 2013 and 31 December 2013

The deficiency in equity previously reported under UK GAAP in GBP was translated to the new USD presentation currency at closing rate (USD 1 = GBP 0.6051 at 31/12/2013 and USD 1 = GBP 0.6191 at 01/01/2013). Upon adoption of FRS 101 and the retrospective change in functional currency the above recognition adjustment has been accounted for.

Reconciliation of total comprehensive loss for the year ended 31 December 2013

	<u>2013</u>
	\$
Total comprehensive loss for the financial year under previous UK GAAP (with USD presentation currency)	29,424,063
Total comprehensive loss for the financial year under FRS 101 (with USD functional currency)	29,782,858
	<u>358,795</u>

Notes to the reconciliation of total comprehensive loss for the year ended 31 December 2013

The loss for the year previously reported under UK GAAP in GBP was translated to the new USD presentation currency at average rate (USD 1 = GBP 0.6399). Upon adoption of FRS 101 and the retrospective change in functional currency there was an increase in the loss for the year ended 31 December 2013 of \$358,795.

20. Immediate and ultimate controlling parent undertaking

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