

**ABERNEDD POWER COMPANY LIMITED**  
*(Formerly Meadhurst Services (No.5) Limited)*

(Registered No: 6383166)

**ANNUAL REPORT AND ACCOUNTS 2008**

Board of Directors: J McSorley  
C H Robinhold

**REPORT OF THE DIRECTORS**

The directors present their report and accounts for the year ended 31 December 2008.

**Results and dividends**

The loss for the year after taxation was £240,619. The directors do not propose the payment of a final dividend.

**Principal activity and review of the business**

Abernedd Power Company Limited owns rights associated with the construction and operation of a proposed gas fired power plant. Abernedd Power Company Limited changed its name from Meadhurst Services (No.5) Limited on 14 January 2008.

The company was incorporated on 27 September 2007 and therefore all prior period balances are from the date of incorporation up until 31 December 2007.

**Principal risks**

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.

Company level risk has been identified and classified as financial risk management.

**Financial risk management**

The main financial risks faced by the company through its normal business activities are market risk, currency risk, credit risk and liquidity risk. The management of these financial risks is performed at a group (BP p.l.c. Group) level.



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**REPORT OF THE DIRECTORS**

***Market risk***

Market risk is the possibility that changes in currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the group's financial assets, liabilities or expected future cash flows. The management of such risks is performed at BP Group level. The group has developed policies aimed at managing the market risk inherent in its natural business activities and, in accordance with these policies, the group enters into various transactions using derivative financial and commodity instruments (derivatives). Derivatives are contracts whose value is derived from one or more underlying financial instruments, indices or prices that are defined in the contract. The group also trades derivatives in conjunction with these risk management activities.

***Power prices***

BP's trading function uses financial and commodity derivatives as part of the overall optimisation of the value of the group's equity oil production and as part of the associated trading of crude oil, products and related instruments. It also uses financial and commodity derivatives to manage certain of the group's exposures to price fluctuations on natural gas and power transactions.

***Credit risk***

Credit risk is the potential exposure of the company to loss in the event of non-performance by counterparty. The management of such risks is performed at BP Group level. The group controls the related credit risk through credit approvals, limits, use of netting arrangements and monitoring procedures. Before trading with a new counterparty, 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.

***Liquidity risk***

Liquidity risk is the risk that sources of funding for the company's business activities may not be available. This risk is managed by the BP Group on the company's behalf and as such the company has access to the resources of the group. The group has long-term debt ratings of Aa1 and AA+, assigned respectively by Moody's and Standard & Poor's.

**Future developments**

The directors aim to maintain the management policies which have resulted in the company's substantial 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 company will continue for the foreseeable future.

**Events since the balance sheet date**

On the 30th March 2009 the company's authorised share capital increased to £4,000,000, at which time the company's parent company, BP Alternative Energy International Ltd, subscribed for a further 243,329 ordinary shares of £1.00 each at par.

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**REPORT OF THE DIRECTORS**

**Directors**

The present directors are listed on page 1. Changes since 1 January 2008 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
Francis William Michael Starkie	27 September 2007	14 August 2008
Robert Carl Fearnley	27 September 2007	14 August 2008
James McSorley	10 March 2008	-
Curtis Hayes Robinhold	10 March 2008	-

**Directors' indemnity**

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

**Auditors**

Ernst & Young LLP will continue in office as the company's auditor and be deemed reappointed under Section 487 (2) of the Companies Act 2006.

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**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



Secretary

8<sup>TH</sup> MAY 2009

Registered Office:

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP  
United Kingdom

**ABERNEDD POWER COMPANY LIMITED**  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are responsible for preparing the accounts in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting practice.

Company law requires the directors to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company and the results for the year. In preparing these accounts, the directors are required:

- To select suitable accounting policies and then apply them consistently;
- To make judgements and estimates that are reasonable and prudent;
- To state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- To prepare the accounts 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ABERNEDD POWER COMPANY LIMITED**

We have audited the company's accounts for the year ended 31 December 2008 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 12. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditors' 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the accounts.

  
Ernst & Young LLP

Registered auditor  
London

15 May

2009

**ABERNEDD POWER COMPANY LIMITED**  
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**ACCOUNTING POLICIES**

**Accounting standards**

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**

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.

**Interest**

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

**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 group 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.

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**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
Administration		(214,446)	-
<b>Loss on ordinary activities before interest and tax</b>		(214,446)	-
Interest payable and similar charges	2	(69,981)	-
Interest receivable and similar income	3	43,808	-
<b>Loss before taxation</b>		(240,619)	-
Taxation	4	-	-
<b>Loss for the year</b>		(240,619)	-

The loss of £240,619 for the year ended 31 December 2008 has been derived in its entirety from continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

There are no recognised gains or losses attributable to the shareholder of the company other than the loss of £240,619 for the year ended 31 December 2008 (2007 profit of £nil).

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**BALANCE SHEET AS AT 31 DECEMBER 2008**

	Note	2008 £	2007 £
<b>Current assets</b>			
Debtors	6	<u>2,044,501</u>	<u>1</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(2,285,119)</u>	<u>-</u>
<b>Net current liabilities</b>		<u>(240,618)</u>	<u>-</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(240,618)	1
<b>Creditors: amounts falling due after more than one year</b>		<u>-</u>	<u>-</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(240,618)</u>	<u>1</u>
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account	10	<u>(240,619)</u>	<u>-</u>
<b>SHAREHOLDERS' FUNDS – EQUITY INTERESTS</b>		<u>(240,618)</u>	<u>1</u>

On behalf of the Board

Director

8TH MAY 2009

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**ABERNEDD POWER COMPANY LIMITED**  
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**NOTES TO THE ACCOUNTS**

**1. Auditor's remuneration**

	<u>2008</u>	<u>2007</u>
	£	£
Fees for the audit of the company	<u>7,442</u>	<u>-</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 Abernedd Power Company Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

**2. Interest payable and similar charges**

	<u>2008</u>	<u>2007</u>
	£	£
Interest expense on:		
Loans from group undertakings	<u>69,981</u>	<u>-</u>

**3. Interest receivable and similar income**

	<u>2008</u>	<u>2007</u>
	£	£
Interest income from National Grid Electricity Transmission - Escrow Account	<u>43,808</u>	<u>-</u>

**4. Taxation**

The Company is a member of a group for the purposes of relief under Section 402 of the Income & Corporation Taxes Act 1988. 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.

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**NOTES TO THE ACCOUNTS**

	<u>2008</u>	<u>2007</u>
	£	£
Loss before taxation	(240,619)	-
Current taxation		
Effective current tax rate	0%	0%
	<u>2008</u>	<u>2007</u>
UK statutory corporation tax rate:	28%	30%
Decrease resulting from:		
Group relief	(3%)	(30%)
Losses available for relief in future periods	(25%)	-
Effective current tax rate	<u>0%</u>	<u>0%</u>

**5. 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 (2007: £nil).

(b) Employee costs

The company had no employees during the year (2007: nil).

**6. Debtors**

	<u>2008</u>	<u>2007</u>
	Within 1 year £	Within 1 year £
Amounts owed by group undertakings	1	1
National Grid deposit	2,044,500	-
	<u>2,044,501</u>	<u>1</u>

**7. Creditors**

	<u>2008</u>	<u>2007</u>
	Within 1 year £	Within 1 year £
Amounts owed to group undertakings	2,078,115	-
Accruals and deferred income	207,004	-
	<u>2,285,119</u>	<u>-</u>

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**NOTES TO THE ACCOUNTS**

**8. Loans**

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

	<u>2008</u>	<u>2007</u>
	Within 5 years £	Within 5 years £
Wholly repayable	<u>2,044,500</u>	<u>-</u>

**9. Called up share capital**

	<u>2008</u>	<u>2007</u>
	£	£
Authorised share capital: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid: 1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

**10. Capital and reserves**

	<u>Equity share capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	£	£	£
At 1 January 2008	1	-	1
Loss for the year	-	(240,619)	(240,619)
At 31 December 2008	<u>1</u>	<u>(240,619)</u>	<u>(240,618)</u>

**11. Immediate and ultimate parent undertaking**

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

**12. Rated 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 with group companies. There were no other related party transactions in the year.