

Registered No: 04118195

Centrica America Limited
Annual Report and Financial Statements
For the year ended 31 December 2011



Centrica America Limited

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Centrica America Limited

Directors' report for the year ended 31 December 2011

The Directors present their report and the audited financial statements of Centrica America Limited ("the Company") for the year ended 31 December 2011

Principal activities

The principal activity of the Company is to act as an investment holding company within the Centrica plc group ("the Group")

Review of business and future developments

The financial position of the Company is presented in the balance sheet on page 5 Shareholders' funds at 31 December 2011 were US\$901,380,000 (2010 US\$901,380,000)

The Directors believe that the currency of the primary economic environment in which the Company operates and generates net cash flows is US dollars and accordingly the financial statements have been prepared in US dollars

The Directors intend that the Company will continue to act as an investment holding company, financed by US dollar equity, for the foreseeable future

Results and dividends

The Company did not trade during the year and therefore did not record a profit or loss on ordinary activities after tax (2010 US\$nil) The Directors do not recommend the payment of a final dividend (2010 US\$nil)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks The key business risks and uncertainties that the Company is exposed to are interest rate risks linked to the Centrica plc Group's ("the Group") cost of funds As the interest rate risks relate to transactions with other Group companies they are not actively managed by the Company

The principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 36-40 of the Group's 2011 Annual Report and Accounts which does not form part of this report Copies of the Annual Report of Centrica plc may be obtained from www.Centrica.com

Key performance indicators ("KPIs")

Given the nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Directors

The following served as Directors throughout the year and up to the date of signing of this report

I G Dawson
C Redcliffe
J Bell

Charitable and political donations

The Company made no political or charitable donations during the year (2010 \$nil)

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc and was in place throughout the year under review The insurance does not provide cover in the event that the Director is proved to have acted fraudulently

Centrica America Limited

Directors' report for the year ended 31 December 2011 (continued)

Financial risk management

Details of the Group's financial risk management policy are set out on pages 117-119 of the Group's 2011 Annual Report and Accounts. Centrica Group Treasury also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, where status is kept under review.

Statement of directors' responsibilities

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 of the profit or loss of the Company 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK 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.

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the board on 14 June 2012.



For and on behalf of Centrica Secretaries Limited
Company Secretary
14 June 2012

Company registered in England and Wales, Registered No. 04118195
Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica America Limited

Independent auditors' report to the member of Centrica America Limited

We have audited the financial statements of Centrica America Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 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.

This report, including the opinions, has been prepared for and only for the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. 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 result 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

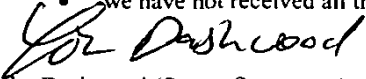
Opinion on other matter prescribed by the Companies Act 2006

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


John Dashwood (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium,
1 Harefield Road,
Uxbridge
UB8 1EX

14th June 2012

Centrica America Limited

Profit and loss account for the year ended 31 December 2011

The Company did not recognise any profit and loss during the year (2010 US\$nil). There were no other recognised gains or losses (2010 US\$nil), and accordingly a statement of total recognised gains and losses has not been presented.

A reconciliation of movements in shareholders' funds is shown in note 8.

The notes on pages 6 to 8 form part of these financial statements.

Centrica America Limited

Balance sheet as at 31 December 2011

	Notes	2011 US\$000	2010 US\$000
Fixed assets			
Investments in subsidiaries	4	901,391	901,391
Creditors: amounts falling due within one year	5	(11)	(11)
Net current liabilities		<u>(11)</u>	<u>(11)</u>
Total assets less current liabilities		901,380	901,380
Net assets		<u>901,380</u>	<u>901,380</u>
Capital and reserves			
Called up share capital	6	900,996	900,996
Profit and loss account	7	174	174
Special reserve	7	210	210
Total shareholders' funds	8	<u>901,380</u>	<u>901,380</u>

The financial statements on pages 4 to 8 were approved and authorised for issue by the Board of Directors on 14th June 2012 and were signed on its behalf by

J Bell
Director



Registered No 04118195

The notes on pages 6 to 8 form part of these financial statements

Centrica America Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1. Principal accounting policies

Accounting principles

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, consistently applied, and under the historical cost convention and the Companies Act 2006

Basis of preparation

The Directors believe that the going concern basis is applicable for the preparation of the accounts

Exemptions

The Company is a wholly owned subsidiary undertaking of Centrica Beta Holdings Limited and is included in the consolidated financial statements of Centrica plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006

The Company has also taken advantage of the exemptions within Financial Reporting Standard No 1 (Revised), "Cash Flow Statements" from presenting a cash flow statement, and within Financial Reporting Standard No 8 "Related Party Disclosures", from disclosure of transactions with other Group companies

Reporting currency

The Directors believe that the currency of the primary economic environment in which the Company operates and generates net cash flows is US dollars. Accordingly the financial statements have been prepared in US dollars. The 31 December 2011 US dollar to Sterling exchange rate used in the preparation of these financial statements was 1.5509 (2010: 1.5591) and the average rate for the year was 1.56108 (2010: 1.5448)

Investments in subsidiary undertakings

Investments in subsidiary undertakings are included in the balance sheet at cost, less accumulated provisions for any impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Financial instruments

Share capital: Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

The Company is exempted by FRS 29 from providing detailed disclosures in respect of its financial instruments because it does not apply FRS 26.

2. Directors and employees

The emoluments of all of the directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other Centrica plc subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements. There were no employees during the year (2010: nil).

3. Auditors' remuneration

Auditors' remuneration totalling US\$10,948 (2010: US\$10,948) relates to fees for the audit of the UK GAAP statutory accounts of the Company and includes fees in relation to the audit of the IFRS Group consolidation schedules, for the purpose of the Centrica Group audit, which also contribute to the audit of the Company. The auditors' remuneration of US\$10,948 (2010: US\$10,948) is borne by Centrica plc.

Centrica America Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

4. Investments in subsidiaries

	US\$000
1 January 2011	901,391
31 December 2011	<u>901,391</u>

The Directors believe that the book value of investments is not less than the value of the underlying assets. At 31 December 2011 the Company had interests in the following principal undertakings. This information is given pursuant to section 410(2) Companies Act 2006.

Principal subsidiary undertakings	Business	Country of incorporation	Direct holdings (%)	Indirect holdings (%)
Airtron Inc	Home/commercial services	USA	-	100
Bastrop Energy Partners Inc	Power generation	USA	-	100
Centrica US Holdings Ic	Holding company	USA	100.00	-
Clockwork Inc ⁽ⁱ⁾	Home services	USA	-	100
CPL Retail Energy LP	Energy supply	USA	-	100
Direct Energy Business LLC	Energy supply	USA	-	100
Direct Energy LP	Energy supply	USA	-	100
Direct Energy Marketing Inc	Wholesale energy trading	USA	-	100
Direct Energy Services LLC	Energy supply and home services	USA	-	100
Direct Energy US Home Services Inc	home/commercial services	USA	-	100
Energy America LLC	Energy supply	USA	-	100
FCP Enterprises Inc ⁽ⁱⁱ⁾	Energy supply	USA	-	100
Frontera Generation LP	Power generation	USA	-	100
Gateway Energy Services Corporation	Energy supply	USA	-	100
Paris Generation LP	Power generation	USA	-	100
Vectran Retail LLC ⁽ⁱⁱⁱ⁾	Energy supply	USA	-	100
WTU Retail Energy LP	Energy supply	USA	-	100

(i) Holding company for the Clockwork group of companies acquired in 2011

(ii) Holding company for the First Choice Power group of companies acquired in 2011

(iii) Acquired in 2011

5. Creditors: Amounts falling due within one year

	2011	2010
	US\$000	US\$000
Amounts owed to Group undertakings	<u>11</u>	<u>11</u>

Amounts owed to Group undertakings are unsecured and interest free. In particular the amounts owed to Group undertakings will not be required to be repaid for the foreseeable future.

Centrica America Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6. Called up Share Capital

	2011 US\$000	2010 US\$000
Called up, allotted and partly or fully paid:		
803,980,944 ordinary shares of US\$1 each (i)	800,996	800,996
100,000,000 Ordinary B Shares of US\$1 each (ii)	100,000	100,000
	<u>900,996</u>	<u>900,996</u>

- (i) Of this amount, in both 2011 and 2010 US\$603,981,000 relates to 603,980,944 fully paid shares. There are in 2011 and 2010 200,000,000 Ordinary shares of US\$1 in issue partly paid to a value of US\$197,015,000
- (ii) Ordinary B shares carry equal voting rights and rights on winding up to ordinary shares of the Company

7. Reserves

	Special reserve US\$000 (i)	Profit and loss account US\$000	Total US\$000
1 January 2011	210	174	384
Result for the financial year	-	-	-
31 December 2011	210	174	384

- (i) The special reserve comprises foreign exchange gains arising on the re-translation of the Company's reserves to US dollars. As these amounts have not been realised, they have been excluded from distributable reserves

8. Reconciliation of movements in shareholder's funds

	2011 US\$000	2010 US\$000
Opening shareholder's funds	901,380	901,380
Closing shareholder's funds	<u>901,380</u>	<u>901,380</u>

9. Ultimate parent undertaking

Centrica Beta Holdings Limited, a company registered in England and Wales, is the immediate parent undertaking. Centrica plc, a company registered in England and Wales, is the ultimate parent undertaking and the only company to consolidate the financial statements of the Company. Copies of the Annual Report of Centrica plc may be obtained from www.centrica.com