

Registered No: 04487600

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Annual Report and Financial Statements

for the year ended 31 December 2012



CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Registered No 04487600

Directors

ID Bartholomew

PI Hedley

S Sambhi

Company Secretary

Centrica Secretaries Limited

Independent Auditors

PricewaterhouseCoopers LLP

32 Albyn Place

Aberdeen

AB10 1YL

Solicitors

Stronachs

34 Albyn Place

Aberdeen

AB10 1FW

Registered Office

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Annual Report and Financial Statements for the year ended 31 December 2012

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CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Directors' Report for the year ended 31 December 2012

The Directors present their report and the audited financial statements of CIU1 Limited (formerly Centrica Resources UK Holdings Limited) (the "Company") for the year ended 31 December 2012

Principal activities and future developments

The principal activity of the Company is to act as a holding company for other Centrica Group companies

On 31 December 2012, as part of an internal reorganisation by the ultimate parent company, the trade and assets of Centrica Resources Petroleum UK Limited were transferred to the Company. The transfers took place in exchange for an intercompany payable of £198,748,169

As part of the reorganisation, the trade and assets of the Company were transferred to another group company GB Gas Holdings Limited, in exchange for an intercompany receivable of £205,160,913. Following the transfer, on the 31st of December the Company declared and paid an interim dividend of £205,160,912 to GB Gas Holdings Limited. All remaining balances within the company have been converted to non interest bearing intercompany loans.

As the business activities of the Company have been transferred to GB Gas Holdings Limited it is envisaged that the Company will be classed as non-trading from now on.

Business review

During 2012, it was decided to merge the activities of the Company with GB Gas Holdings Limited to take advantage of synergies.

Financial results and dividends

The results of the Company are set out on page 6.

The profit for the financial year ended 31 December 2012 is £ 159,121,000 (2011 £ 113,000). The Directors paid an interim dividend during the year of £205,160,912 (2011 nil). The Directors recommend that no final dividend be paid.

Financial position

The financial position of the Company is presented in the balance sheet on page 7. Shareholders' funds at 31 December 2012 were £1 (2011 £46,040,000).

Called up share capital

By special resolution passed on 21 December 2012, which was accepted by the Companies House on 21 December 2012, the company reduced its called up share capital by £379,982 to £1 by the cancellation of 379,982 ordinary shares at a nominal value of £1. The capital reduction totalling £379,982 was credited to cumulative retained earnings. The issued share capital was then 1 ordinary share of £1 with a nominal value of £1.

Principal risks and uncertainties and financial risk management

From the perspective of the Company the principal risks and uncertainties are integrated with the principal risks of the Centrica plc Group ("the Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed on pages 44 - 50 of the 2012 Annual Report and Accounts of the Group which does not form part of this report.

The Company does not take part in hedging of any kind.

Key performance indicators (KPIs)

The directors of the Group manage the Group's operations on a divisional basis. For this reason the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development or position of the business. The development and position of the Group, which includes the Company, is discussed on pages 18 - 19 of the Group's 2012 Annual Report and Accounts.

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Directors' Report for the year ended 31 December 2012 (continued)

Directors

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

Iain Bartholomew

Paul Hedley

Sarwjit Sambhi (appointed 20 May 2013)

Christopher Bird (resigned 16 April 2012)

Gregory McKenna (resigned 16 April 2012)

Jonathan Roger (resigned 20 May 2013)

Paul de Leeuw (resigned 16 August 2013)

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.

Post balance sheet events

On 16 April 2013, the Company changed its name from Centrica Resources UK Holdings Limited to CIU1 Limited. There is no financial effect of this change.

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,
- 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 a Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Directors' Report for the year ended 31 December 2012 (continued)

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 24 September 2013

A handwritten signature in black ink, consisting of a large loop followed by a series of smaller, connected loops and a final upward stroke.

By order of the Board
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No 04487600

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Independent auditors' report to the members of CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

We have audited the financial statements of CIU1 Limited (formerly Centrica Resources UK Holdings Limited) for the year ended 31 December 2012 which comprise the Profit and Loss Account, 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 Statement of Directors' responsibilities 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 members as a body 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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Independent auditors' report to the members of CIU1 Limited (formerly Centrica Resources UK Holdings Limited) (continued)

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

Bruce Collins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
24 September 2013

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Profit and Loss Account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Impairment of investment	2	(39,756)	-
Operating loss/result	2	(39,756)	-
Loss on disposal of an operation	4	(52)	-
Interest receivable and similar income	5	181	113
Income from fixed asset investment		198,748	-
Profit on ordinary activities before taxation		159,121	113
Tax on profit on ordinary activities	7	-	-
Profit for the financial year	12	159,121	113

All amounts relate to discontinued operations

The Company has no recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been prepared

There are no material differences between historical cost losses and the reported profit on ordinary activities before taxation and the profit for the year stated above

A statement of movements in shareholders' funds is shown in note 13

The notes on pages 8 to 12 are an integral part of these financial statements

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

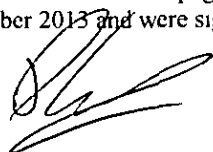
Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	8	-	-
Investments	9	-	39,756
		-	39,756
Current assets			
Debtors	10	-	6,284
		-	6,284
Net current assets		-	6,284
Total assets less current liabilities		-	46,040
Net assets		-	46,040
Capital and reserves			
Called up share capital	11	-	380
Share premium account	12	-	39,376
Profit and loss account	12	-	6,284
Total shareholders' funds	13	-	46,040

The notes on pages 8 to 12 are an integral part of these financial statements

The financial statements on pages 6 to 12 were approved and authorised for issue by the Board of Directors on 24 September 2013 and were signed on its behalf by

PI Hedley
Director



Registered Number 04487600

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2012

1 Principal accounting policies

a) Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006. The following policies have been applied consistently to the Company's financial statements.

The Directors believe that the going concern basis is applicable for the preparation of the financial statements as the ultimate parent company, Centrica plc, has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due.

b) Exemptions

The Company is a wholly owned subsidiary of Centrica plc and is included in the consolidated financial statements of the Centrica group which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under Section 400 of the Companies Act 2006. The Company has also taken advantage of the exemptions within Financial Reporting Standard No 1 - '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 companies that are part of the Centrica plc group.

c) Investments

Fixed asset investments are included in the Balance Sheet at cost, less any provisions for impairment as necessary.

d) Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value less costs to sell and value in use.

e) Goodwill

In the absence of specific guidance under UK GAAP, the Company has adopted an accounting policy which records acquisitions of a business from another group company using the principles of merger accounting prospectively from the date of the transaction. Where the business is transferred from a subsidiary company, the investment in the subsidiary has been reclassified to goodwill since the company has suffered no loss of value as a result of the business transfer. Where the business of the subsidiary was to solely act as an investment holding company, the investment in the subsidiary has been reclassified to the cost of the acquired shares as opposed to goodwill as the Directors believe that this reflects the economic reality of the transaction. Negative goodwill is the excess of the Group's share of the fair value of the attributable net identifiable assets at the date of acquisition in a business combination over the purchase consideration in a business combination.

f) Taxation

The current tax charge is based on the taxable profit for the year. Taxable profits differ from the profit reported in the profit & loss account due to timing differences and other items that require adjustment as set out in legislation. The company's liability for tax is calculated using rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2012 (continued)

1) Principal accounting policies (continued)

f) Taxation (continued)

Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantially enacted at the balance sheet date to the loss amount.

2 Operating loss

In arriving at the operating loss for the year, an impairment of £39,756,000 was recognised on an investment in Centrica Resources Petroleum UK Limited (note 9).

Auditors' remuneration relates to fees for the audit of the UK GAAP statutory financial statements 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. The auditors' remuneration of £8,000 (2011: £8,000) is borne by the ultimate parent undertaking, Centrica PLC.

3 Directors' and employee information

i) Directors' remuneration

- a) The aggregate emoluments paid to directors in respect of their qualifying services were £44,705 (2011: £70,519).
- b) The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services were £5,240 (2011: £4,291).
- c) There was 1 director (2011: 3) to whom retirement benefits are accruing under a defined benefit pension scheme.
- d) There were 5 directors (2011: 4) to whom retirement benefits are accruing under money purchase pension schemes.
- e) There were 5 directors (2011: 3) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme.
- f) There was 1 director (2011: 2) who exercised share options relating to the ultimate parent company.

ii) Employee costs and numbers

The Company does not have any employees (2011: nil).

4 Loss on disposal of an operation

On 31 December 2012 as part of an internal reorganisation by the ultimate parent company, the trade and assets of another group company, Centrica Resources Petroleum UK Limited were transferred to the Company, for a fixed intercompany payable of £198,748,169. The net assets of Centrica Resources Petroleum UK Limited on the date of transfer were £201,524,464. The difference of £2,776,295 was recognised as negative goodwill and immediately impaired, to give a gain on acquisition.

As part of the same reorganisation, the trade and assets of the Company were transferred to another group company, GB Gas Holdings Limited, for a fixed intercompany receivable of £205,160,913. The net assets of the Company on the date of transfer were £207,988,948. The difference of £2,828,035 is recognised as a loss on disposal.

The net effect of £51,740 is presented as loss on disposal of an operation.

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2012 (continued)

5 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest received from group undertakings	181	113

6 Dividend paid

	2012 £'000	2011 £'000
Dividend paid	205,161	-

The Directors paid an interim dividend during the year of £205,160,912 per share. No final dividend was proposed.

7 Tax on profit on ordinary activities

There is nil (2011: nil) tax charge during the year.

The standard rate of corporation tax was 24.5% (2011: 26.5%). The tax for the year is lower (2011: lower) than the corporation tax rate in the UK. The differences are explained below.

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	159,121	113
Tax on profit on ordinary activities at standard UK corporation tax rate of 24.5% (2011: 26.5%)	38,985	30
Effects of:		
Non-taxable income	(48,693)	-
Expenses disallowable for tax	9,752	-
UK transfer pricing adjustment	-	(2)
Group relief for nil consideration	(44)	(28)
Total current tax	-	-

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013, enacted under Finance Act 2012. Further reductions to the main rate were proposed in the Autumn Statement 2012 and the Budget Statement 2013 to respectively reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015. Beyond a reduction to 23% from 1 April 2013, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of the proposed changes to the financial statements is nil since the company has no deferred tax balances.

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Intangible fixed assets

Negative goodwill arose on the acquisition of the trade and assets from Centrica Resources Petroleum UK Limited, a subsidiary company

	2012 £'000	2011 £'000
Cost		
As at 1 January	-	-
Additions	(2,776)	-
Impairment	2,776	-
As at 31 December	-	-

The consideration payable by the Company for the trade and assets of Centrica Resources Petroleum UK Limited was £198,748,169, and the aggregate book value of the net assets was £201,524,464

9 Investments

	Investment in subsidiary undertakings £'000
Cost and net book value	
As at 31 December 2011	39,756
Impaired during the year	(39,756)
As at 31 December 2012	-

During the year, as part of an internal reorganisation, the Company purchased the trade and assets of its subsidiary entity at book value. The trade of this entity was to act solely as an investment holding company.

As part of the same internal reorganisation by the ultimate parent company, an investment in Centrica Resources Petroleum UK Limited of £39,756,000 was fully impaired.

10 Debtors

Amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed by group undertakings	-	6,284

Amounts owed by group undertakings in the prior year comprised intercompany loans which were unsecured, repayable on demand and bore interest at LIBOR plus 50 basis points.

CIU1 Limited (formerly Centrica Resources UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Called up share capital

By special resolution passed on 21 December 2012, which was accepted by the Companies House on 21 December 2012, the company reduced its called up share capital by £379,982 to £1 by the cancellation of 379,982 ordinary shares at a nominal value of £1. The capital reduction totalling £379,982 was credited to cumulative retained earnings. The issued share capital was then 1 ordinary share of £1 with a nominal value of £1.

12 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2012	39,376	6,284	45,660
Capital reduction	(39,376)	39,756	380
Profit for the financial year	-	159,121	159,121
Dividend paid (note 6)		(205,161)	(205,161)
At 31 December 2012	-	-	-

13 Reconciliation of movements in shareholder's funds

	2012 £'000	2011 £'000
As at 1 January	46,040	45,927
Profit for the financial year	159,121	113
Dividend paid	(205,161)	-
As at 31 December	-	46,040

14 Ultimate parent undertaking

The Company's immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales. The ultimate parent undertaking and the ultimate controlling party is Centrica plc, a company registered in England and Wales, which is the largest and smallest group to consolidate the financial statements of CIU1 Limited (formerly Centrica Resources UK Holdings Limited). Copies of the financial statements of Centrica plc are available from www.centrica.com.