

**Registered Number: 6791610**

**Centrica Resources (UK) Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2010**

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# **Centrica Resources (UK) Limited**

## **Directors' report for the year ended 31 December 2010**

The Directors present their report and the audited financial statements of Centrica Resources (UK) Limited (the "Company") for the year ended 31 December 2010

### **Principal activities**

The principal activity of the Company is to act as a holding company for certain Centrica plc group companies ("the Group")

### **Business review**

During the year the Company continued to act as a holding company for the Group, and there are no indications of impairment in the investments, with the Directors believing the carrying value to be recoverable

### **Results and dividends**

The results of the Company are set out on page 6. The loss on ordinary activities after taxation for the year ended 31 December 2010 is £4,256,000 (2009 £6,435,000 - profit). The Directors do not recommend the payment of a final dividend (2009 nil).

### **Financial Position**

The financial position of the Company is presented in the Balance Sheet on page 7. Shareholder funds at 31 December 2010 were £2,179,000 (2009 £6,435,000), comprising fixed asset investments of £1,252,736,000 (2009 £1,252,736,000) and net current liabilities of £1,250,571,000 (2009 £1,246,392,000).

### **Future developments**

The Directors intend that the Company continue to act as a holding company for the foreseeable future.

### **Principal risks and uncertainties and financial risk management**

The Company is holding an investment in a subsidiary undertaking. The principal risk and uncertainty facing the Company is that the performance of the subsidiary company does not result in dividend income to the Company or that its investment, or other possible future investments, may become impaired in value.

### **Key performance indicators ("KPIs")**

Given the straightforward 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 during the period and up to the date of signing this report:

I G Dawson

N L Luff

# **Centrica Resources (UK) Limited**

## **Directors' report for the year ended 31 December 2010 (continued)**

### **Political and charitable donations**

The Company made no political or charitable donations during the year (2009 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 period under review. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

### **Creditor payment policy**

It is the Company's policy to agree the terms of payment in advance with the supplier, ensure that suppliers are aware of the terms of payment, and pay in accordance with contractual and other legal obligations.

### **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 year. 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 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.

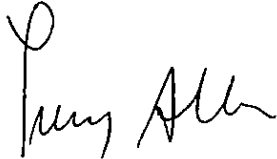
## **Centrica Resources (UK) Limited**

### **Directors' report for the year ended 31 December 2010 (continued)**

#### **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 23 September 2011



For and on behalf of Centrica Secretaries Limited  
Company Secretary  
23 September 2011

Company registered in England and Wales No 6791610

Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **Centrica Resources (UK) Limited**

## **Independent auditors' report to the members of Centrica Resources (UK) Limited**

We have audited the financial statements of Centrica Resources (UK) Limited for the year ended 31 December 2010 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 Directors' Responsibilities Statement set out on page 3 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.

### **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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

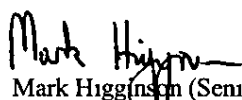
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the period 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



Mark Higginson (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
23 September 2011

# Centrica Resources (UK) Limited

## Profit and Loss Account

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Administrative expenses		(3,475)	(837)
<b>Operating loss</b>	2	<b>(3,475)</b>	<b>(837)</b>
Income from other fixed asset investments	4	-	7,283
Interest payable and similar charges	5	(806)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(4,281)</b>	<b>6,446</b>
Taxation	6	25	(11)
<b>(Loss)/profit for the financial year/period</b>	14	<b>(4,256)</b>	<b>6,435</b>

All gains or losses for the year have been derived from continuing operations

The Company has no recognised gains and losses other than the (loss)/profit for the financial year/period stated above and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the (loss)/profit on ordinary activities after taxation and their historical cost equivalents

The notes on pages 8 to 13 form part of these financial statements

# Centrica Resources (UK) Limited

## Balance Sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Fixed Assets</b>			
Tangible fixed assets	7	-	102
Investments	8	<u>1,252,736</u>	<u>1,252,736</u>
		<b>1,252,736</b>	<b>1,252,838</b>
<b>Debtors (amounts falling due within one year)</b>			
Other debtors	9	2,669	-
Cash and cash equivalents		<u>241</u>	<u>-</u>
		<b>2,910</b>	<b>-</b>
<b>Creditors (amounts falling due within one year)</b>	10	<u>(1,253,467)</u>	<u>(1,246,392)</u>
<b>Net current liabilities</b>		<b>(1,250,557)</b>	<b>(1,246,392)</b>
<b>Total assets less current liabilities</b>		<b>2,179</b>	<b>6,446</b>
<b>Provisions for liabilities and charges</b>	11	<u>-</u>	<u>(11)</u>
<b>Net assets</b>		<u><b>2,179</b></u>	<u><b>6,435</b></u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss reserve	14	<u>2,179</u>	<u>6,435</u>
<b>Total shareholders' funds</b>	15	<u><b>2,179</b></u>	<u><b>6,435</b></u>

Registered number 6791610

The financial statements on pages 6 to 13 were approved and authorised for issue by the Board of Directors on 23 September 2011 and were signed on its behalf by



**Nick Luff**  
Director

The notes on pages 8 to 13 form part of these financial statements

# **Centrica Resources (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2010**

### **1 Principal accounting policies**

#### **Accounting principles**

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. The principal accounting policies are set out below.

#### **Basis of preparation**

The Directors believe that the going concern basis is applicable for the preparation of the accounts as the ultimate parent company, Centrica plc, has confirmed its present intention to provide financial support 12 months from the balance sheet date, such that the Company is able to repay its liabilities as they fall due. In particular the amounts owed to Group undertakings will not be required to be repaid for the foreseeable future, although the terms of repayment is repayable on demand.

#### **Exemptions**

The Company is a wholly owned subsidiary of GB Gas 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 Financial Reporting Standard No. 2 - 'Accounting for Subsidiary Undertakings'. 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 Financial Reporting Standard No. 8 - 'Related Party Disclosures' from disclosure of transactions with other companies that are part of the Centrica plc group.

#### **Fixed asset investments**

Fixed asset investments are stated at cost less any provisions for impairment.

#### **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 at use.

#### **Interest Income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### **Dividend Income**

Dividend income is recognised when the right to receive payment is established.

#### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by 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 net 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.



# Centrica Resources (UK) Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 1 Principal accounting policies (continued)

#### Taxation (continued)

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.

Tax losses are surrendered or claimed in the form of group relief without 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

The operating loss is stated after charging

	2010	2009
	£'000	£'000
Auditor's remuneration	9	9

Auditors' remuneration relates to fees for the audit of the UK GAAP statutory accounts of Centrica Resources (UK) Limited 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 Centrica Resources (UK) Limited.

### 3 Directors and employees

#### i) Directors' remuneration

None of the Directors received any remuneration in respect of their services to the Company during the year.

Mr I G Dawson and Mr N L Luff are also Directors of the ultimate parent company and their remuneration for services to the Group as a whole is shown in Centrica plc's Annual Report and Accounts for the year ended 31 December 2010.

The emoluments of the Directors are paid by Centrica plc and are deemed by them to be wholly attributable to their services to that undertaking. Accordingly no details in respect of their emoluments have been included in these financial statements.

#### ii) Employee information

The Company does not have any employees.

### 4 Income from other fixed asset investments

	2010	2009
	£'000	£'000
Dividends received	-	4,589
Interest income	-	2,694
	-	7,283

In 2009 interest income of £2,694,000 was received on the £75,000,000 3 25% convertible bond the Company held in Venture Production Limited.

# Centrica Resources (UK) Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 5 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest expense from group undertakings	<u>806</u>	<u>-</u>

### 6 Taxation

#### (a) Analysis of tax credit in the year

The tax credit comprises

	2010 £'000	2009 £'000
<b>Current tax</b>		
-United Kingdom corporation tax at 28%	-	-
Total current tax	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
- Origination and reversal of timing differences	(25)	11
Taxation (credit)/charge	<u>(25)</u>	<u>11</u>

#### (b) Factors affecting the tax credit for the year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before tax	<u>(4,281)</u>	<u>6,446</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28%	(1,199)	1,805
Effects of		
UK UK transfer price adjustment	-	(1,496)
Capital allowances in excess of depreciation	25	(11)
Group relief for nil consideration	1,174	987
Dividends received not taxable	<u>-</u>	<u>(1,285)</u>
Tax credit for the year	<u>-</u>	<u>-</u>

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011, and the rate of Supplementary Charge applied to upstream activities increased from 20% to 32% from 24 March 2011. These changes were substantively enacted on 29 March 2011. An initial reduction in the main rate of 1% to 27% effective from 1 April 2011 was enacted by Finance (No 2) Act 2010 and is therefore taken into account in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 was enacted in July 2011. Beyond the reduction to 27%, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of these changes on the deferred tax balances is not expected to be material.

# Centrica Resources (UK) Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 7 Tangible fixed assets

	£'000
<b>Cost</b>	
As at 1 January 2010	102
Disposals	(102)
As at 31 December 2010	-
<b>Depreciation</b>	
As at 1 January 2010 and 31 December 2010	-
<b>Net book value</b>	
As at 1 January 2010	102
As at 31 December 2010	-
Tangible fixed assets comprise fixtures and fittings, and computer and office equipment	

### 8 Fixed asset investments

				£'000
Cost and carrying value at 31 December 2010 and 2009				<u>1,252,736</u>
Name	Nature of Business	Country of registration or incorporation	Class of shares held	Company holding (%)
Centrica Production Limited (formerly Venture Production Limited)	Exploration and Production of Oil and Gas	United Kingdom	Ordinary	100

### 9 Debtor (amounts falling due within one year)

	2010 £000	2009 £000
Other debtors	2,655	-
Deferred taxation (Note 12)	14	-
	2,669	-

### 10 Creditors (amounts falling due within one year)

	2010 £'000	2009 £'000
Trade creditors	2,110	17,638
Amounts due to group undertakings	1,251,357	1,228,754
	1,253,467	1,246,392

The amounts payable to Group undertakings include £1,250,491,000 (2009 £nil) that in part bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.32 and 2.11% per annum during 2010 (2009 nil). The other amounts payable to Group undertakings are interest-free. All amounts payable to Group undertakings are unsecured and repayable on demand.

# Centrica Resources (UK) Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 11 Provisions for liabilities and charges

	Deferred CT £000	Total £000
As at 31 December 2009	11	11
Profit and loss charge	(25)	(25)
Transferred to debtors	14	14
As at 31 December 2010	-	-

### 12 Deferred taxation

Deferred corporation tax (asset)/provision at 27% (2009 28%) is analysed as follows

	Amounts provided 2010 £000	Amounts provided 2009 £000
Accelerated capital allowances	(14)	11

There were no amounts of unprovided deferred tax

### 13 Called up share capital

	2010 £	2009 £
Issued, allotted and fully paid 2 ordinary shares of £1 each	2	2

### 14 Reserves

	Profit and loss reserve £'000	Total £'000
As at 1 January 2010	6,435	6,435
Loss for the financial year	(4,256)	(4,281)
As at 31 December 2010	2,179	2,154

## Centrica Resources (UK) Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 15 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Opening shareholders' funds	6,435	-
(Loss)/profit for the financial year/period	(4,256)	6,435
Closing shareholders' funds	2,179	6,435

#### 16 Related Party Disclosures

The Company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a subsidiary where 100% of the voting rights are controlled within the group, and the consolidated financial statements of Centrica plc, its ultimate parent company, are publicly available

#### 17 Ultimate parent undertaking

GB Gas Holdings Limited, a company registered in England and Wales, is the immediate parent company Centrica plc, a company registered in England and Wales, is the ultimate parent company and the only company to consolidate the financial statements of Centrica Resources (UK) Limited. Copies of the Annual Report and Accounts of Centrica plc may be obtained from [www.centrica.com](http://www.centrica.com)