

**CENTRICA AMERICA LIMITED**

**Annual Report and Financial Statements**

**For the year ended**

**31 December 2009**



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**CENTRICA AMERICA LIMITED**

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## **Directors' report for the year ended 31 December 2009**

The Directors present their report and the audited financial statements of Centrica America Limited ("the Company") for the year ended 31 December 2009

### **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 6 Shareholders' funds at 31 December 2009 were US\$901,380,000 (2008 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 (2008 US\$nil) The Directors do not recommend the payment of a final dividend (2008 US\$nil)

### **Principal risk and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately Accordingly, the principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 31-34 of the Group's 2009 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](http://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 this report

I G Dawson

C Redcliffe

P I Hedley (appointed 30 January 2009, resigned 22 July 2009)

M L Turner (appointed 22 July 2009)

J A K Clark (resigned 30 January 2009)

### **Charitable and political donations**

The Company made no political or charitable donations during the year (2008 \$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

### **Risk management**

Details of the Group's financial risk management policy are set out on pages 74-79 of the Group's 2009 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

## **Directors' report for the year ended 31 December 2009 - continued**

### **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 those 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 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.

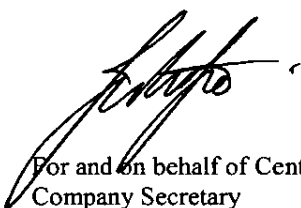
### **Disclosure of information to auditors**

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

### **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 10 June 2010.



For and on behalf of Centrica Secretaries Limited  
Company Secretary

10 June 2010

Company registered in England and Wales, Registered No 4118195  
Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire SL4 5GD

## **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 2009, which comprise 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 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.

### **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 2009,
- 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 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  
10 June 2010

**Profit and loss account for the year ended 31 December 2009**

The Company did not recognise any profit and loss during the year (2008 US\$nil). There were no other recognised gains or losses (2008 US\$nil), and accordingly a statement of total recognised gains and losses has not been presented.

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

The notes on pages 7 to 9 form part of these financial statements.

**CENTRICA AMERICA LIMITED**

**Balance sheet as at 31 December 2009**

	Note	2009 US\$000	2008 US\$000
<b>FIXED ASSETS</b>			
Investments in subsidiaries	4	901,391	901,391
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	5	(11)	(11)
<b>NET CURRENT LIABILITIES</b>		<u>(11)</u>	<u>(11)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>901,380</u>	<u>901,380</u>
<b>NET ASSETS</b>		<u>901,380</u>	<u>901,380</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	900,996	900,996
Profit and loss reserve	7	174	174
Special reserve	7	210	210
<b>TOTAL SHAREHOLDERS' FUNDS</b>	8	<u>901,380</u>	<u>901,380</u>

The financial statements on pages 5 to 9 were approved and authorised for issue by the Board of Directors on 10 June 2010 and were signed on its behalf by

  
**C Redcliffe**  
 Director

The notes on pages 7 to 9 form part of these financial statements

Registered No 4118195

**Notes to the financial statements for the year ended 31 December 2009 (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 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. In particular the amounts owed to Group undertakings will not be required to be repaid for the foreseeable future.

**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 2009 US dollar to Sterling exchange rate used in the preparation of these financial statements was 1.6148 (2008: 1.4593) and the average rate for the year was 1.5642 (2008: 1.8633).

**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 Directors received no emoluments during the year ended 31 December 2009 (2008: US\$nil) in respect of their services to the Company. There were no employees during the year (2008: nil).

**3. AUDITORS' REMUNERATION**

Auditors' remuneration totalling US\$10,055 (2008: US\$11,977) 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\$10,055 is borne by Centrica plc.



**CENTRICA AMERICA LIMITED**

**Notes to the financial statements for the year ended 31 December 2009 (continued)**

**4. INVESTMENTS IN SUBSIDIARIES**

	US\$000
1 January 2009	901,391
31 December 2009	<u>901,391</u>

At 31 December 2009 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 (%)
Centrica Finance (US) Limited	Financing company	England and Wales	100	-
Centrica US Holdings Inc	Holding company	USA	100	-
Bastrop Energy GP Inc	Energy supply	USA	-	100
CPL Retail Energy, LP	Energy supply	USA	-	100
Direct Energy, LP	Energy supply	USA	-	100
Centrica Bastrop Finance Holdings	Holding company	England and Wales	-	100
Energy America, LLC	Energy supply	USA	-	100
Frontera Generation Limited Partnership	Energy supply	USA	-	100
Direct Energy Marketing Inc	Energy supply	USA	-	100
WTU Retail Energy, LP	Energy supply	USA	-	100

**5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 US\$000	2008 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

## Notes to the financial statements for the year ended 31 December 2009 (continued)

## 6 CALLED UP SHARE CAPITAL

	2009 US\$000	2008 US\$000
<b>Authorised share capital:</b>		
500,000,000 ordinary shares of £1 sterling each (2008 500,000,000)	807,400	729,650
1,000,000,000 ordinary shares of US\$1 each (2008 1,000,000,000)	1,000,000	1,000,000
100,000,000 ordinary B shares of US\$1 each (2008 100,000,000)	100,000	100,000
	<b>1,907,400</b>	<b>1,829,650</b>
<b>Called up, allotted and partly or fully paid:</b>		
Ordinary shares of US\$1 each (i)	800,996	800,996
100,000,000 Ordinary B Shares of US\$1 each (ii) (2008 100,000,000)	100,000	100,000
	<b>900,996</b>	<b>900,996</b>

(i) Of this amount, in both 2009 and 2008 US\$603,981,000 relates to 603,980,944 fully paid shares. There are in 2009 and 2008 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 reserve US\$000	Total US\$000
1 January 2009	210	174	384
Result for the financial year	-	-	-
<b>31 December 2009</b>	<b>210</b>	<b>174</b>	<b>384</b>

(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 SHAREHOLDERS' FUNDS

	2009 US\$000	2008 US\$000
Opening shareholders' funds	901,380	901,380
Closing shareholders' funds	<b>901,380</b>	<b>901,380</b>

## 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](http://www.centrica.com)