

HYDROCARBON RESOURCES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2000

REGISTERED NO: 3115179



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Hydrocarbon Resources Limited

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Hydrocarbon Resources Limited

DIRECTORS' REPORT

The Directors submit their report and the audited accounts of Hydrocarbon Resources Limited ("the Company") for the year ended 31 December 2000.

Principal activities

The principal activity of the Company is the production of gas from the North and South Morecambe Gas fields.

Review of business and future developments

The Company, as part of the Centrica plc group, continued its major activity in the production of gas and associated condensate from its two production fields (North and South Morecambe) in Morecambe Bay. These fields represent the largest producing gas fields in the UK continental shelf, with proven and probable reserves of approximately 2,697 billion cubic feet (as at January 2001). Production of gas amounted to 423 billion cubic feet in the year with total condensate sales equivalent to 969,000 barrels of oil.

The South Morecambe field operated close to maximum capacity in response to the high level of demand. The foundations were laid for a new onshore compression plant at South Morecambe. This will enable us to bring gas ashore faster and increase the delivery capacity of the field by 10 per cent.

Results and dividends

The company's profit for the financial year is £403,231,000 (1999: £244,199,000).

A dividend of £1,050,000,000 was paid for the year ended 31 December 2000 (year ended 31 December 1999 £ nil).

In 2000 £646,769,000 has been transferred from reserves (£244,199,000 transferred to reserves in 1999).

Policy on the payment of creditors

The Company aims to pay all of its creditors promptly. For trade creditors, it is the Company's policy to:

- i) agree the terms of the payment at the start of business with that supplier;
- ii) ensure that suppliers are aware of the terms of payment; and
- iii) pay in accordance with contractual and other legal obligations.

The number of days of average daily purchases included in trade creditors at 31 December 2000 was 23 days (1999: 14 days).

Hydrocarbon Resources Limited

Directors' Report - continued

Employment policies

The Company is committed to pursuing an Equal Opportunities policy covering recruitment and selection, training and development, appraisal and promotion. The Company recognises the diversity of its employees, its customers and the community at large and seeks to use employees' talents and abilities to the full. This approach extends to the fair treatment of people with disabilities, in relation to their recruitment, training and development. Full consideration is given to the retention of staff who become disabled during employment.

Employee communications

The Company is committed to effective communications, which it maintains through briefing sessions and company magazines. Formal communications with trade unions take place through regular meetings between representatives from the Company and trade unions. The Company has procedures for the timely and accurate communication of financial results and other significant business issues to its employees.

Share capital

The authorised share capital of the Company is shown in note 12 on page 17, together with details of shares issued.

Directors

The following served as Directors during the year:

David Clarke

John Nicholas Shears

Jacob Shield Ulrich

Michael John Garstang (appointed 1 August 2001)

Directors' interests

The Directors' interests in ordinary shares of Centrica plc during 2000 (which include those of their families) are shown below.

At no time did any Director, holding office at 31 December 2000, have any interest in the shares of the Company or any other company within the Centrica Group except for the interests in and the options over the shares of the ultimate parent company, Centrica plc, as set out below.

Hydrocarbon Resources Limited

Directors' Report - continued

Beneficial interests in ordinary shares

	As at 1 January 2000	As at 31 December 2000
David Clarke	4,437	3,856
John Shears	1,506	951
Jacob Ulrich	45,721	103,790

Interests shown are beneficial interest in the ordinary share capital of Centrica plc and include shares appropriated under the terms of the Centrica Profit Sharing Scheme, as follows:

David Clarke 951 shares, John Shears 951 shares and Jacob Ulrich 951 shares.

Sharesave scheme

	As at 1 January 2000	Granted during the year	Exercised during the year	As at 31 December 2000
David Clarke	27,016	3,331	(8,405)	21,942
John Shears	-	4,944	-	4,944
Jacob Ulrich	37,176	-	-	37,176

Options and awards were granted under the terms of the ultimate parent company's Savings Related Share Option Scheme, details of which are disclosed in the 2000 Annual Report and Accounts of Centrica plc.

Long term incentive schemes

	As at 1 January 2000	Granted during the year	Lapsed during the year	Exercised during the year	As at 31 December 2000
David Clarke	172,524	47,244	-	-	219,768
John Shears	298,358	64,969	-	-	363,327
Jacob Ulrich	1,319,721	224,374	-	(95,693)	1,448,402

Hydrocarbon Resources Limited

Directors' Report - continued

Interests shown include both notional allocations of shares that are subject to performance conditions and awards of shares that have reached conclusion of their performance period but are subject to a two-year retention period. The increase during the year relates to the notional allocation of shares made on 2 October 2000 under the Long Term Incentive Scheme at a base price of 208.68 pence.

Options and awards were granted under the terms of the ultimate parent company's Long Term Incentive Scheme, details of which are disclosed in the 2000 Annual Report and Accounts of Centrica plc.

The closing price of a Centrica plc ordinary share on the last trading day of 2000 (29 December) was 259.25 pence. The range during the year was 262.75 pence (high) and 173.25 pence (low).

There were no contracts of significance subsisting during or at the end of the financial period to which the Company or any of its subsidiary and associated undertakings is a party and in which any Director is or was materially interested.

Directors' insurance

The ultimate parent company has maintained insurance cover for all directors and other officers against liabilities in relation to the Company.

Hydrocarbon Resources Limited

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office as auditors.

The Company has passed an elective resolution to dispense with the need to hold Annual General Meetings and the laying of accounts before them and with the need to reappoint Auditors annually.

This report was approved by the Board on 17 October 2001

By order of the Board



For and on behalf of:
Centrica Secretaries Limited
(Company Secretary)

Date: 17 October 2001

Registered Office: Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Hydrocarbon Resources Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company as at the end of the financial period and of the profit or loss for the financial period.

The Directors consider that in preparing the financial statements on pages 8 to 20, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and all accounting standards which they consider to be applicable have been followed.

The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Hydrocarbon Resources Limited

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF HYDROCARBON RESOURCES LIMITED

We have audited the financial statements of Hydrocarbon Resources Limited (the "Company") for the year ended 31 December 2000 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

As described in the statement of Directors' responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the company 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.

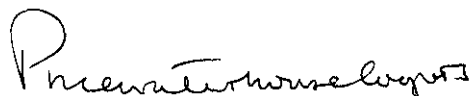
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

Date: 17 October 2001

Hydrocarbon Resources Limited

PROFIT AND LOSS ACCOUNT

	Notes	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Turnover	2	894,253	621,422
Cost of sales		<u>(394,455)</u>	<u>(314,025)</u>
Operating profit		499,798	307,397
Other interest receivable and similar income	3	11,899	10,842
Interest payable and similar charges	3	<u>(21,527)</u>	<u>(20,040)</u>
Profit on ordinary activities before taxation	3	490,170	298,199
Tax on profit on ordinary activities	5	<u>(86,939)</u>	<u>(54,000)</u>
Profit on ordinary activities after taxation		403,231	244,199
Dividend		<u>(1,050,000)</u>	<u>-</u>
Transfer (from) / to reserves	13	<u>(646,769)</u>	<u>244,199</u>

All activities relate to continuing operations.

There were no recognised gains and losses other than those shown above.

The notes on pages 10 to 20 form part of these financial statements.

Hydrocarbon Resources Limited

BALANCE SHEET

	Notes	As at 31 December 2000 £000	As at 31 December 1999 £000
Fixed assets			
Tangible assets	6	1,075,284	1,230,353
Current assets			
Stocks	7	12,685	15,108
Debtors	8	1,516,997	1,982,168
Cash at bank and in hand		<u>-</u>	<u>46</u>
		1,529,682	1,997,322
Creditors (amounts falling due within one year)			
Borrowings	9	(25,492)	(23,010)
Other creditors	10	<u>(226,460)</u>	<u>(130,626)</u>
		<u>(251,952)</u>	<u>(153,636)</u>
Net current assets		<u>1,277,730</u>	<u>1,843,686</u>
Total assets less current liabilities		2,353,014	3,074,039
Creditors (amounts falling due after one year)			
Borrowings	9	(119,232)	(144,724)
Provisions for liabilities and charges	11	<u>(848,997)</u>	<u>(897,761)</u>
		<u>1,384,785</u>	<u>2,031,554</u>
Capital and reserves - equity interests			
Called up share capital	12	800,000	800,000
Share premium account	13	447,162	447,162
Profit and loss account	13	<u>137,623</u>	<u>784,392</u>
Equity shareholders' funds	14	<u>1,384,785</u>	<u>2,031,554</u>

The accounts on pages 8 to 20 were approved by the Board of Directors on 17 October 2001 and were signed on its behalf by:



David Clarke (Director)

The notes on pages 10 to 20 form part of these financial statements.

Hydrocarbon Resources Limited

NOTES TO THE ACCOUNTS

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention.

1 Principal accounting policies

a) Exemptions

As the Company is a wholly owned subsidiary of British Gas Trading Limited which is a wholly owned subsidiary of Centrica plc, the Company has 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.

b) Turnover

Turnover comprises the sale of gas and associated condensate and minor services to third parties.

c) Petroleum revenue tax

Provision is made on a unit of production basis for petroleum revenue tax expected to arise in the foreseeable future and is charged to the profit and loss account as a cost of sale. Changes in estimates are dealt with prospectively.

d) Tangible fixed assets

The Company uses the successful efforts method of accounting for oil and gas exploration and production activities.

Tangible fixed assets which all comprise gas production assets are stated at historical cost less accumulated depreciation.

Gas production assets are depreciated from the commencement of production in the field concerned, using the unit of production method based on the proved and probable developed reserves of those fields. Changes in these estimates are dealt with prospectively.

The net amounts at which fields in production are recorded in the financial statements are assessed on a field-by-field basis against the likely future net revenues to be derived from the estimated remaining commercial reserves. A provision is made where the Directors are of the opinion that recorded amounts are unlikely to be fully recovered from future net revenues.

1 Principal accounting policies - continued

e) Leases

Assets held under finance leases are capitalised and included in tangible fixed assets at cost. The obligations relating to finance leases, net of finance charges in respect of future periods, are included within borrowings. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect the constant rate of interest on the remaining balance of the obligation for each accounting period. Rentals under operating leases are charged to the profit and loss account as incurred.

f) Stocks

Stocks are valued at cost less a provision for obsolescence where appropriate.

g) Decommissioning costs

Provision is made for the net present cost of decommissioning gas production facilities. A corresponding tangible fixed asset is recognised in respect of the decommissioning costs, based on price levels and technology at the balance sheet date. This asset is amortised using the unit of production method, based on proved and probable developed reserves. Notional interest charges arise over time, based upon the discounted decommissioning liabilities.

h) Deferred taxation

Deferred taxation, in respect of accelerated capital allowances and other timing differences, is provided only to the extent that it is probable that a liability or asset will crystallise.

i) Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' service. Pension surpluses and deficits are spread over the average expected remaining service lives of employees as a level percentage of payroll.

j) Long term incentive scheme

The cost of potential share awards under the Centrica plc Group long term incentive scheme is charged to the profit and loss account over the period to which the performance criteria of each allocation relates.

k) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at closing rates of exchange. Exchange differences on monetary assets and liabilities, and all other exchange movements are dealt with through the profit and loss account.

Hydrocarbon Resources Limited

2 Segmental analysis

Turnover relates to the principal activity of the business and arose wholly in the United Kingdom.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Depreciation and amortisation:		
Owned assets	180,538	150,774
Leased assets	21,635	26,614
Operating lease rentals:		
Land and buildings	641	598
Auditor's remuneration:		
Audit fees	35	39
Other professional and consultancy fees	14	349
Interest receivable from group undertakings	(11,742)	(10,683)
Other interest receivable	(157)	(159)
Interest payable to group undertakings	1,109	817
Finance lease charges	17,125	16,311
Other interest payable	-	103
Notional interest arising on discounted items	3,293	2,809

Hydrocarbon Resources Limited

4 Directors and employees

a) Directors' emoluments

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Aggregate Emoluments	144	175

All of the Directors who served during the year are members of the ultimate parent company's defined benefit pension scheme.

Under the Centrica plc Group long-term incentive scheme, one Director received shares during the year.

Under the Centrica plc Group sharesave scheme, one Director received shares during the year.

b) Employee costs

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Wages and salaries	13,695	13,397
Social security costs	1,278	1,228
Other pension costs	1,384	1,502
Employee profit sharing scheme	<u>185</u>	<u>155</u>
	16,542	16,282
Redundancy costs	<u>25</u>	<u>38</u>
	<u>16,567</u>	<u>16,320</u>

c) Employee numbers

The average number of employees during the year ended 31 December 2000 was 353 (1999: 355).

Hydrocarbon Resources Limited

5 Taxation

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
UK - corporation tax		
- at 30% (1999: 30.25%)	133,232	107,853
- adjustments in respect of prior years	-	(13,949)
- deferred corporation tax:		
- deferred petroleum revenue tax	6,432	(4,503)
- other timing differences	(46,463)	(35,401)
- adjustments in respect of prior years	<u>(6,262)</u>	<u>-</u>
Taxation charge	<u>86,939</u>	<u>54,000</u>

Based upon the profit on ordinary activities before taxation, the effective taxation rate for the period was 17.7% (1999 18.1%). The movement in the deferred tax provision is disclosed in note 11.

The charge for deferred petroleum revenue tax is included in cost of sales.

6 Tangible fixed assets - proved gas properties

	£000
As at 1 January 2000	2,651,929
Additions	47,104
As at 31 December 2000	<u>2,699,033</u>
Accumulated depreciation	
As at 1 January 2000	1,421,576
Charge for the year	202,173
As at 31 December 2000	<u>1,623,749</u>
Net book value	
As at 31 December 1999	<u>1,230,353</u>
As at 31 December 2000	<u>1,075,284</u>

The net book value of tangible fixed assets held under finance leases as at 31 December 2000 was £156,587,000 (1999: £178,222,000). This represents certain South Morecambe gas field production assets sold and leased back in 1998 and 1999.

Hydrocarbon Resources Limited

7 Stocks

	As at 31 December 2000 £000	As at 31 December 1999 £000
Operational spares and consumables	<u>12,685</u>	<u>15,108</u>

8 Debtors

	As at 31 December 2000 £000	As at 31 December 1999 £000
Trade debtors	-	656
Amounts owed by group undertakings	1,512,909	1,978,480
Other debtors	118	174
Prepayments and accrued income	<u>3,970</u>	<u>2,858</u>
	<u>1,516,997</u>	<u>1,982,168</u>

The amounts owed by group undertakings includes £205,000,000 (1999: £205,000,000) due after more than one year.

9 Borrowings

	As at 31 December 2000 £000	As at 31 December 1999 £000
Amount falling due within one year		
Amounts payable under finance leases	<u>25,492</u>	<u>23,010</u>
Amounts falling due after more than one year		
Amounts payable under finance leases	<u>119,232</u>	<u>144,724</u>

Obligation under finance leases were repayable as follows:-

	As at 31 December 2000 £000	As at 31 December 1999 £000
Between one and two years	28,216	25,492
Between two and five years	91,016	94,011
More than five years	-	<u>25,221</u>
Total	<u>119,232</u>	<u>144,724</u>

Hydrocarbon Resources Limited

10 Creditors

	As at 31 December 2000 £000	As at 31 December 1999 £000
Amounts falling due within one year		
Trade creditors	2,423	1,770
Amounts owed to group undertakings	31,415	8,203
Taxation and social security	87,083	82,351
Other creditors	87,048	21,139
Accruals and deferred income	<u>18,491</u>	<u>17,163</u>
	<u>226,460</u>	<u>130,626</u>

11 Provisions for liabilities and charges

	Decommissioning Costs £000	Pension Costs £000	Long Term Incentive Scheme £000	Employee Share Save Scheme £000	Deferred PRT £000	Deferred CT £000	Total £000
As at 1 January 2000	99,692	2,339	150	3,507	695,964	96,109	897,761
Profit and loss charge / (credit)	-	657	300	3,532	47,120	(46,293)	5,316
Notional interest	3,293	-	-	-	-	-	3,293
Additions	13,832	-	-	-	-	-	13,832
Utilised in the year	-	-	-	(2,645)	(68,560)	-	(71,205)
As at 31 December 2000	<u>116,817</u>	<u>2,996</u>	<u>450</u>	<u>4,394</u>	<u>674,524</u>	<u>49,816</u>	<u>848,997</u>

Decommissioning costs

Provision has been made for the estimated net present cost of decommissioning gas production facilities at the end of their producing lives. The estimate has been based on proved and probable reserves, price levels and technology at the balance sheet date. The timing of decommissioning payments are dependent on the lives of a number of fields but are anticipated to occur between 2011 and 2014. The additions in the above table represent revisions of estimate of field lives.

Pension costs

The pension provision represents the difference between the charge to the profit and loss account and the contributions paid to the Pension Schemes in respect of retirement pensions and other related benefits.

Hydrocarbon Resources Limited

11 Provisions for liabilities and charges - continued

Long term incentive scheme

The provision represents the cost of potential awards under the Centrica plc long term incentive scheme.

Employee sharesave scheme

The qualifying employee sharesave scheme provision represents the difference between the market price (as at 31 December 2000) and the option price of shares being purchased by employees through the Centrica plc sharesave scheme.

Deferred PRT (petroleum revenue tax)

The provision for tax on gas activities has been calculated on a unit of production basis.

Deferred CT (corporation tax)

Deferred tax, in respect of accelerated capital allowances and other timing differences, has been provided for only to the extent that it is probable that a liability or asset will crystallise.

Deferred corporation tax provision/(asset) at 30% (1999: 30%) is analysed as follows: -

	Amounts provided		Potential amounts Unrecognised	
	As at 31 December		As at 31 December	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Deferred corporation tax				
Accelerated capital allowances	288,450	329,372	-	-
Deferred petroleum revenue tax relief	(202,357)	(208,789)	-	-
Other timing differences	<u>(36,277)</u>	<u>(24,474)</u>	<u>(228)</u>	<u>(5,121)</u>
	<u>49,816</u>	<u>96,109</u>	<u>(228)</u>	<u>(5,121)</u>

12 Called up share capital

	As at 31 December 2000 & 1999 £000
Authorised	
800,000,100 ordinary shares of £1 each	<u>800,000</u>
Issued, allotted and fully paid	
800,000,001 ordinary shares of £1 each	<u>800,000</u>

Hydrocarbon Resources Limited

13 Share capital and reserves

	Share Capital £000	Share Premium £000	Profit & Loss Account £000	Total £000
As at 1 January 2000	800,000	447,162	784,392	2,031,554
Transfer to Profit and Loss account for the year	<u>-</u>	<u>-</u>	<u>(646,769)</u>	<u>(646,769)</u>
As at 31 December 2000	<u>800,000</u>	<u>447,162</u>	<u>137,623</u>	<u>1,384,785</u>

14 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Profit on ordinary activities after tax for the year	403,231	244,199
Dividends	(1,050,000)	-
Net movement in shareholders' funds for the year	(646,769)	244,199
Shareholders' funds as at 1 January	<u>2,031,554</u>	<u>1,787,355</u>
Shareholders' funds as at 31 December	<u>1,384,785</u>	<u>2,031,554</u>

15 Pensions

Substantially all of the Company's employees as at 31 December 2000 were members of either the Centrica Staff Pension Scheme (staff and management employees) or the Centrica Engineers Pension Scheme (engineers). These defined benefit schemes are funded to cover future pension liabilities in respect of service up to the balance sheet date. They are subject to independent valuations at least every three years, on the basis of which the qualified Actuary certifies the rate of employers' contributions which, together with the specified contributions payable by the employees and proceeds from the Schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

The long-term assumptions applied to calculate Centrica pensions costs for 2000 are set out in the 2000 Annual Report of Centrica plc. The contributions payable by the Company are based upon its share of the pension costs across the Centrica group. The Company pension cost in 2000 was £1,332,000 (1999: £1,502,000).

Hydrocarbon Resources Limited

16 Commitments and contingencies

a) Capital Expenditure

Contracted future capital expenditure, as at 31 December 2000 was £21,089,000 (1999: £46,337,000).

b) Abandonment costs

The Company and the ultimate parent company, have agreed to provide security to a subsidiary undertaking of BG Group plc, BG Exploration and Production Limited, who, as original licence holder for the Morecambe gas fields, will have exposure to abandonment costs relating to the Morecambe gas fields should liabilities not be fully discharged by the Company and its ultimate parent company. The security is to be provided when the estimated future net revenue stream from the Morecambe gas fields falls below 150% of the estimated cost of such abandonment. The nature of the security may take a number of different forms and will remain in force unless and until the costs of such abandonment have been irrevocably discharged and the relevant Department of Trade and Industry abandonment notice in respect of the Morecambe gas fields has been revoked.

c) Operating lease commitments

As at 31 December 2000 commitments for the following year under operating leases were as follows:

	Land and Buildings	
	2000	1999
	£000	£000
Expiring after five years	<u>594</u>	<u>598</u>

d) Guarantee

Centrica plc has a bilateral credit facility of up to £935,000,000 with various financial institutions. The Company was one of the guarantors of that facility, such that it has guaranteed, jointly and severally, to pay on demand any sum which Centrica plc does not pay in accordance with the facility agreement.

Hydrocarbon Resources Limited

17 Ultimate parent company

The Company is an indirect wholly owned subsidiary undertaking of Centrica plc. The Company's immediate parent undertaking is British Gas Trading Limited which is a wholly owned subsidiary of Centrica plc. Centrica plc is the ultimate parent undertaking and the only group to consolidate the accounts of the Company. Copies of the Annual Report and Accounts of Centrica plc may be obtained from the Company Secretary, Centrica plc, Millstream, Maidenhead, Windsor, Berkshire, SL4 5GD.