

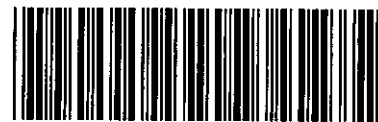
CENTRICA RESOURCES (ARMADA) LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2005

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Centrica Resources (Armada) Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Centrica Resources (Armada) Limited ("the Company") for the year ended 31 December 2005.

Principal activities and business review

The principal activities of the Company comprise the exploration, development and production of oil and gas reserves. Principal areas of activity are the United Kingdom sector of the North Sea.

Oil and liquids production averaged 548 barrels per day (net) for the year ended 31 December 2005 (year ended 31 December 2004: 639 barrels per day (net)). Gas production averaged 9.04 million cubic feet per day (net) for the year ended 31 December 2005 (year ended 31 December 2004: 14.53 million cubic feet per day (net)).

Future developments

There are no plans to change the nature of activities in the foreseeable future. The Company is in a good position to take advantage of any opportunities which may arise in the future.

Financial results and Dividends

The Company's profit for the year ended 31 December 2005 of £5,604,000 (Profit for the year ended 31 December 2004: £8,605,000) has been transferred to reserves.

The directors do not recommend the payment of a dividend for the year ended 31 December 2005 (Year ended 31 December 2004: £Nil).

Directors

Michael John Garstang, Jacob Shields Ulrich and Peter Cole served as directors throughout the financial year. Changes since 1 January 2005 are as follows:

Sarwjit Sambhi	Resigned 28 April 2005
John Shears	Appointed 28 April 2005
Richard Martin Mew	Appointed 15 May 2006

At no time during the year ended 31 December 2005, did any director have any interest in the shares of the Company or any other company within the Centrica group, except for the interests in, and options over, the shares and interests of the ultimate parent company, Centrica plc.

Details of the interests of JS Ulrich in the shares and options over shares, in the ultimate parent company, Centrica plc, are shown in the 2005 Centrica Annual Report.

Centrica Resources (Armada) Limited

DIRECTORS' REPORT (CONTINUED)

Directors' interest in shares

(As defined by section 325 of the Companies Act 1985)

The directors with interests in and options over the ordinary shares of Centrica plc at the year end are as follows:

Beneficial interest in ordinary shares

	As at 1 January 2005	As at 31 December 2005
Michael Garstang	-	12,541
John Shears (*)	1,851	2,174
Peter Cole	80,529	60,837

(*) As at date of appointment.

The figures above include shares held under the terms of the Centrica Share Incentive Plan (SIP).

Centrica Sharesave scheme

	As at 1 January 2005	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2005
Peter Cole	12,079	-	-	-	12,079
John Shears(*)	15,336	-	-	-	15,336

(*) As at date of appointment.

Long-term Incentive scheme

	As at 1 January 2005	Allocations made during the year	Allocations exercised during the year	Allocations lapsed during the year	As at 31 December 2005
Michael Garstang	94,377	25,147	36,609	4,664	78,251
Peter Cole	104,941	23,923	41,407	5,157	82,300
John Shears(*)	205,794	-	48,726	-	157,068

(*) As at date of appointment.

Centrica Resources (Armada) Limited

DIRECTORS' REPORT (CONTINUED)

A conditional allocation of shares was made on 1 April 2005 at a price of 228 pence per share. Total allocations as at 31 December 2005 shown above are subject to challenging performance conditions. At the end of the performance period the Total Shareholder Return of Centrica plc will be assessed against that of the relevant LTIS comparator group. If, and to the extent that, the performance conditions are met, the relevant number of shares will be released to the Directors at the Trustee's discretion as soon as is practicable thereafter.

Centrica Executive Share Option Scheme

	As at 1 January 2005	Granted during the period	Exercised during the period	As at 31 December 2005
John Shears (*)	456,499	-	-	456,499

(*) As at date of appointment.

Details of the ultimate parent company's Sharesave Scheme, Executive Share Option Scheme and LTIS can be found in the 2005 accounts of Centrica plc, copies of which can be obtained from www.centrica.com

The middle market price of a Centrica plc ordinary share on the last day of trading of 2005 (30 December) was 254.25 pence. The range during the year was 264.25 pence (high) and 217.20 pence (low).

As at 31 December 2005, nil shares and 2,591 shares (1 January 2005: 6,370,264 and 2,548) were held by the respective Trustees of employee share trusts for the purposes of the LTIS and the Share Incentive Plan. As with other employees, the Directors are deemed to have a potential interest in those shares, being beneficiaries under the trust.

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

Centrica Resources (Armada) Limited

DIRECTORS' REPORT (CONTINUED)

Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica group companies. There have been no other disclosable related party transactions during the year (2004: £nil).

Creditor payment policy

The Company aims to pay all of its creditors promptly within the agreed contract terms. The number of days purchases represented by the trade creditors at the year end was 8.

Political and charitable donations

The Company made no political or charitable donations during the year (2004: £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.

Financial Risk Management

The directors have established objectives and policies for managing financial risks to enable the Company achieve its long-term shareholders value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

Exposure to commodity price risk, counterparty credit risk and liquidity risk arises in the normal courses of the Company's business. The most significant financial risk facing the Company relates to commodity prices. The risk is primarily that market prices for commodities will move adversely thereby potentially reducing expected margins.

Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Credit risk is predominantly limited to exposure with other Centrica Group companies.

Cash forecast identifying the liquidity requirements of the company are produced frequently and reviewed regularly to ensure there is sufficient financial headroom for at least a 12 month period.

Post Balance Sheet Events

In December 2005, the UK government announced an increase in the supplementary charge levied on upstream profits from 10% to 20%, effective from 1 January 2006. At 31 December 2005 the tax rate change was not substantively enacted. The deferred tax credit would have reduced by approximately £0.2 million had the change of tax rate been substantially enacted at the balance sheet date.

Centrica Resources (Armada) Limited

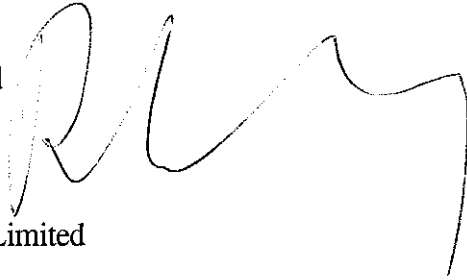
DIRECTORS' REPORT (CONTINUED)

Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to reappoint auditors annually, and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

For and on behalf of
Centrica Secretaries Limited
Company Secretary



Date: 29 January 2007

Registered Office: Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Resources (Armada) 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 year and of the profit or loss for the financial year.

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.

Centrica Resources (Armada) Limited

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDER OF CENTRICA RESOURCES (ARMADA) LIMITED

We have audited the financial statements of Centrica Resources (Armada) Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

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

Date: 30th January 2007

Centrica Resources (Armada) Limited

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2005**

		Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
	Note		
Turnover	2	18,540	20,079
Cost of sales		<u>(7,826)</u>	<u>(10,403)</u>
Operating profit		10,714	9,676
Interest payable and similar charges	3	<u>(76)</u>	<u>(50)</u>
Profit on ordinary activities before taxation	4	10,638	9,626
Tax on profit on ordinary activities	6	<u>(5,034)</u>	<u>(1,021)</u>
Profit on ordinary activities after taxation		5,604	8,605
Dividends		<u>-</u>	<u>-</u>
Retained profit for the financial period		<u><u>5,604</u></u>	<u><u>8,605</u></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.

Centrica Resources (Armada) Limited

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	As at 31 December 2005 £'000	As at 31 December 2004 £'000
Fixed assets			
Tangible fixed assets	7	11,438	12,481
Investments	8	<u>1,001</u>	<u>-</u>
		12,439	12,481
Current assets			
Stock	9	-	8
Debtors (amount falling due within one year)	10	60,140	49,422
Cash at bank and in hand		<u>167</u>	<u>45</u>
		60,307	49,475
Creditors (amounts falling due within one year)	11	<u>(11,250)</u>	<u>(5,634)</u>
Net current assets		49,057	43,841
Total assets less current liabilities		61,496	56,322
Provisions for liabilities and charges	12,13	<u>(3,166)</u>	<u>(3,596)</u>
Net assets		<u>58,330</u>	<u>52,726</u>
Capital and reserve – equity interest			
Called up share capital	14	42,926	42,926
Profit and loss account	15	<u>15,404</u>	<u>9,800</u>
Shareholder's funds	16	<u>58,330</u>	<u>52,726</u>

The accounts on pages 8 to 20 were approved and authorised for issue by the Board of Directors on 29 January 2007 and were signed on its behalf by:


Director

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

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom Accounting Standards and the Companies Act 1985. The accounting policies, where applicable, are in accordance with the Statement of Recommended Practice ('SORP') 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' as issued by the UK Oil Industry Accounting Committee on 7 June 2001. The following policies have been applied consistently to the Company's financial statements.

1 Principal accounting policies

a) Changes in accounting policy

The Company has adopted FRS 21 "Events after the balance sheet date" in the year. The adoption of each of these standards represents a change in accounting policy. There is no impact resulting from this change in accounting policy.

b) Exemptions

As the Company is a wholly owned subsidiary of GB Gas Holdings 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.

c) Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Where the Company has ongoing obligations to provide services, revenues are apportioned on a time basis, and those monies received in advance are treated as deferred income and excluded from current turnover.

d) Cost of sales

Cost of sales include the cost of gas produced, and related transportation and royalty costs, bought in materials and services, and direct labour and related overheads on installation works, repairs and service contracts.

e) Underlift and overlift

Any short term imbalances between cumulative oil and gas production entitlement and cumulative sales are accounted for as underlift or overlift in line with the SORP. This is accounted for on the entitlement basis, where adjustments in respect of underlift or overlift are recorded against cost of sales at market value.

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

f) 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 are taken to the profit and loss account. All other exchange movements are dealt with through the profit and loss account. Year end exchange rates used were £1: \$1.723 (2004 £1: \$1.9031).

g) Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and any provisions for impairment. Other tangible fixed assets, except exploration and production assets, are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives.

Assets held under finance leases are depreciated over the shorter of the lease term or their useful economic life.

Exploration and production assets are depreciated from the commencement of production in the fields concerned, using the successful efforts and unit of production methods, as defined in the SORP, based on all of the proven and probable reserves of those fields. Changes in these estimates are dealt with prospectively. The net carrying value of fields in production is compared on a field-by-field basis with the likely future net revenues to be derived from the estimated remaining commercial reserves. A provision is made where it is considered that recorded amounts are unlikely to be fully recovered from the net present value of future net revenues.

h) Investments

Other fixed asset investments are included in the balance sheet at cost, less any provisions for impairment as necessary.

i) 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 proven and probable developed reserves. Notional interest charges arise over time, based upon the discounted decommissioning liabilities.

j) Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis.

k) Stocks

Stocks are valued at the lower of cost and net realisable value.

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

1 Principal accounting policies (continued)

l) Taxation

Current tax, including UK corporation tax and foreign 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.

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.

m) Commercial reserves

Commercial reserves are proved and probable developed and undeveloped oil and gas reserves as defined in the SORP.

2 Segmental analysis

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

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

3 Interest payable and similar charges

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Notional interest arising on discounted items	(65)	(48)
Other interest payable	<u>(11)</u>	<u>(2)</u>
	<u>(76)</u>	<u>(50)</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Depreciation and amortisation	3,393	4,956
Auditors' remuneration – audit fees	<u>7</u>	<u>7</u>

5 Directors and employees

i) None of the directors received any fees or remuneration from the Company for services as director of the Company during the financial year. All of the Directors who served during the period are members of the ultimate parent company's defined benefit pension scheme.

Four directors exercised share options in Centrica plc under the Long-term Incentive scheme during 2005 (2004: 5).

ii) Employee costs and numbers

The Company does not have any employees (2004: nil).

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

6 Tax on profit on ordinary activities

a) Analysis of tax charge in the period

The tax charge comprises:

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Current tax:		
UK corporation tax at 30%	4,452	4,261
- Supplemental Upstream Tax at 10%	1,485	1,421
- Adjustments in respect of prior periods	-	(4,137)
Total current tax	<u>5,937</u>	<u>1,545</u>
Deferred tax:		
- Origination and reversal of timing differences	<u>(903)</u>	<u>(524)</u>
Taxation charge	<u>5,034</u>	<u>1,021</u>

In December 2005, the UK government announced an increase in the supplementary charge levied on upstream profits from 10% to 20%, effective from 1 January 2006. At 31 December 2005 the tax rate change was not substantively enacted. The deferred tax credit would have reduced by approximately £0.2 million had the change of tax rate been substantially enacted at the balance sheet date.

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

6 Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the period

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:

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Profit on ordinary activities before tax	<u>10,638</u>	<u>9,626</u>
Tax on profit on ordinary activities at standard		
- UK corporation tax rate of 30%	3,191	2,888
Effects of:		
- Expenses not deductible for tax purposes	564	964
- Utilisation of timing differences	20	16
- Depreciation in excess of capital allowances	453	393
- Partnership profit share	224	-
- UK transfer pricing adjustment	692	-
- Supplementary charge applicable to upstream profits	1,485	1,421
- Group relief for nil consideration	<u>(692)</u>	<u>-</u>
- Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>(4,137)</u>
Current tax charge for the period	<u><u>5,937</u></u>	<u><u>1,545</u></u>

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

7 Fixed assets

	Exploration Development & Production £'000
Cost	
As at 1 January 2005	36,154
Additions	2,350
Disposals	-
As at 31 December 2005	<u>38,504</u>
Depreciation and amortisation	
As at 1 January 2005	23,673
Charge for the period	3,393
Disposals	-
As at 31 December 2005	<u>27,066</u>
Net book value as at 31 December 2005	<u>11,438</u>
Net book value as at 31 December 2004	<u>12,481</u>

The net book value of the asset associated with the Company's decommissioning costs at 31 December 2005 was £855,000 (as at 31 December 2004: £568,000).

8 Fixed asset investments

	Investment in partnership undertaking £'000
Cost and net book value	
Investment in year	<u>1,001</u>
As at 31 December 2005	<u>1,001</u>

On 2 August 2005 the Company made a capital contribution of £1,001,000 to The Centrica Gas Production Limited Partnership. This partnership has the objective of carrying on the business of extraction, production and sale of oil and gas. The partnership is a qualifying partnership under the Partnerships and Unlimited Companies (Accounts) Regulations of 1993.

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

9 Stock

	As at 31 December 2005 £'000	As at 31 December 2004 £'000
Raw materials and consumables	<u>-</u>	<u>8</u>

10 Debtors

	As at 31 December 2005 £'000	As at 31 December 2004 £'000
Amounts falling due (within one year)		
Amount due from group undertaking	59,815	48,492
Other debtors	<u>325</u>	<u>930</u>
	<u>60,140</u>	<u>49,422</u>

11 Creditors (amounts falling due within one year)

	As at 31 December 2005 £'000	As at 31 December 2004 £'000
Trade creditors	174	-
Taxation and social security	10,467	4,530
Accruals	<u>609</u>	<u>1,104</u>
	<u>11,250</u>	<u>5,634</u>

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

12 Provisions for liabilities and charges

	Decommissioning Costs £'000	Deferred CT £'000	Total £'000
As at 1 January 2005	1,828	1,768	3,596
Acquisitions and disposals			
Movement in deferred CT	-	-	
Revisions	408		408
Profit and loss charge	65	(903)	(838)
Utilised in the period	-		-
As at 31 December 2005	2,301	865	3,166

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 proven 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 2006 and 2040. The revision in the year is due to an increase in the estimate for gas field abandonment costs. The profit and loss charge includes £65,000 of notional interest.

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

13 Deferred taxation

A deferred tax provision has been made in respect of accelerated capital allowances and other timing differences, net of recognised deferred tax assets. As required by FRS 19, deferred tax assets are only recognised when there is persuasive and reliable evidence that the assets can be realised. Detailed operating plans covering two years from the balance sheet date are used for deferred tax asset recognition purposes. Potential deferred tax asset utilisation falling outside that planning horizon is not currently recognised on the balance sheet. As encouraged by FRS 19, deferred tax asset recognition will be regularly reassessed.

Deferred corporation tax asset at 40% (at 31 December 2004: 40%) is analysed as follows:

	Provided		Unprovided	
	As at 31 December 2005 £'000	As at 31 December 2004 £'000	As at 31 December 2005 £'000	As at 31 December 2004 £'000
Deferred corporation tax				
- accelerated capital allowances	1,164	1,768	-	-
- other timing differences	(299)	0	(581)	(497)
	<u>865</u>	<u>1,768</u>	<u>(581)</u>	<u>(497)</u>

14 Share Capital

	As at 31 December 2005 £'000	As at 31 December 2004 £'000
Authorised:		
45,000,000 ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>
Allotted, called up and fully paid:		
42,926,001 ordinary shares of £1 each	<u>42,926</u>	<u>42,926</u>

15 Reserves

	Profit and Loss account 2005 £'000
1 January	9,800
Profit for the year	<u>5,604</u>
31 December	<u>15,404</u>

Centrica Resources (Armada) Limited

NOTES TO THE ACCOUNTS (continued)

16 Reconciliation of movements in shareholder's funds

	2005	2004
	£'000	£'000
1 January	52,726	44,121
Profit for the year	5,604	8,605
31 December	<u>58,330</u>	<u>52,726</u>

17 Commitments and contingent liabilities

Capital expenditure

The Company has no contingent liabilities other than those arising in the ordinary course of business.

Contracted future capital expenditure as at 31 December 2005 was £Nil (As at 31 December 2004: £Nil).

18 Events after balance sheet date

In December 2005, the UK government announced an increase in the supplementary charge levied on upstream profits from 10% to 20%, effective from 1 January 2006. At 31 December 2005 the tax rate change was not substantively enacted. The deferred tax credit would have reduced by approximately £0.2 million had the change of tax rate been substantially enacted at the balance sheet date.

19 Ultimate holding company

The Company is a wholly owned subsidiary undertaking of GB Gas Holdings Limited a wholly owned subsidiary undertaking of Centrica plc, a company registered in England, which is the ultimate holding company. Copies of the accounts of Centrica plc are available from www.centrica.com.

Centrica Resources (Armada) Limited

GAS & LIQUID RESERVES (unaudited)

Estimated net proven and probable reserves of gas (billion cubic feet)

	2005	2004
	UK	UK
As at 1 January	11.4	17.6
Revisions of previous estimates	5.2	(0.9)
Purchases of minerals in place	-	-
Extensions, discoveries & other additions	-	-
Production	(3.3)	(5.3)
As at 31 December	<u>13.3</u>	<u>11.4</u>

Estimated net proven and probable reserves of liquids (million barrels)

	2005	2004
	UK	UK
As at 1 January	0.4	0.7
Revisions of previous estimates	0.1	(0.1)
Purchases of minerals in place	-	-
Extensions, discoveries & other additions	-	-
Production	(0.2)	(0.2)
As at 31 December	<u>0.3</u>	<u>0.4</u>

Liquids reserves include condensate, propane butane and oil.