

REGISTERED NO: 04181384

**CENTRICA RESOURCES (ARMADA) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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COMPANIES HOUSE

Centrica Resources (Armada) Limited

Registered No 04181384

Directors

ID Bartholomew

C McCallum

PI Hedley

P de Leeuw

JL Roger

DR Wilson

Company Secretary

Centrica Secretaries Limited

Independent Auditors

PricewaterhouseCoopers LLP

32 Albyn Place

Aberdeen

AB10 1YL

Solicitors

Stronachs

34 Albyn Place

Aberdeen

AB10 1FW

Registered office

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

Centrica Resources (Armada) Limited

**Annual Report and Financial Statements
for the year ended 31 December 2011**

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Centrica Resources (Armada) Limited

Directors' report for the year ended 31 December 2011

The Directors present their report and the audited financial statements of Centrica Resources (Armada) Limited (the "Company") for the year ended 31 December 2011

Principal activities

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

Business review

Oil and liquids production averaged 217 barrels per day (net) for the year ended 31 December 2011 (2010: 264 barrels per day (net)). Gas production averaged 3,757 million cubic feet per day (net) for the year ended 31 December 2011 (2010: 5,709 million cubic feet per day (net)).

Future developments

There are no plans to change the nature of the Company's 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 results of the Company are set out on page 5. The Company continued to incur pre exploration costs in Trinidad which resulted in an operating loss. No dividends were paid during the year (2010: £nil) and the Directors do not recommend the payment of a final dividend (2010: £nil).

The loss on ordinary activities after taxation for the year ended 31 December 2011 is £3,958,000 (2010: £5,603,000).

Financial position

The financial position of the Company is presented in the balance sheet on page 7. Shareholders' funds at 31 December 2011 were £63,011,000 (2010: £66,595,000).

Principal risks and uncertainties and financial risk management

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Centrica plc Group (the "Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed on pages 36-40 of the 2011 Annual Report and Accounts of the Group which does not form part of this report.

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder 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 course of the Company's business and is managed within parameters set by the Directors.

The most significant financial risk facing the Company relates to commodity prices, in particular for gas and oil. The risk is primarily that market prices for commodities will move adversely, thereby potentially reducing expected margins. This risk is managed on a Group basis whereby the Group optimises its asset and contract portfolio based on comprehensive market analysis and continuous assessment overseen by the financial risk management committee.

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

Cash forecasts 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 from the balance sheet date.

Centrica Resources (Armada) Limited

Directors' report for the year ended 31 December 2011 (continued)

Key performance indicators (KPIs)

The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development and performance of the Group, which includes the Company, are discussed on pages 12-13 of the 2011 Annual Report and Accounts of the Group which does not form part of this report.

Directors

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

ID Bartholomew

CT Bird (resigned 16 April 2012)

C McCallum (appointed 16 April 2012)

NW Maddock (resigned 5 July 2011)

PI Hedley (appointed 1 September 2011)

P de Leeuw (appointed 11 May 2011)

GC McKenna (resigned 16 April 2012)

JL Roger

DR Wilson

Creditor payment policy

It is the Company's policy to pay all of its creditors in accordance with the policies set out below:

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

Political and charitable donations

The Company made no political or charitable donations during the year (2010: £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.

Centrica Resources (Armada) Limited

Directors' report for the year ended 31 December 2011 - 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 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.

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 26/09/2012



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales no 04181384

Registered Office
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

Centrica Resources (Armada) Limited

Independent Auditors' Report to the members of Centrica Resources (Armada) Limited

We have audited the financial statements of Centrica Resources (Armada) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 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.

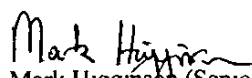
Opinion on other matter prescribed by the Companies Act 2006

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

26 September 2012

Centrica Resources (Armada) Limited

Profit and Loss Account for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover	2	13,023	13,192
Cost of sales		(18,662)	(17,311)
Exceptional item			
Impairment credit	3	-	1,001
Operating Loss		(5,639)	(3,118)
Interest receivable and similar income	5	1,438	1,006
Interest payable and similar charges	5	(91)	(241)
Loss on ordinary activities before taxation	3	(4,292)	(2,353)
Tax on loss on ordinary activities	6	334	(3,250)
Loss for the financial year		(3,958)	(5,603)

All activities relate to continuing operations

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

A statement of movements in equity shareholders' funds is shown in note 17

The notes on pages 8 to 15 are an integral part of these financial statements

Centrica Resources (Armada) Limited

Statement of Total Recognised Gains and Losses for the year ended 31 December 2011

		2011	2010
		£000	£000
Loss for the financial year		(3,958)	(5,603)
Translation reserve	15	374	(35)
Total recognised losses relating to the year		(3,584)	(5,638)

The notes on pages 8 to 15 are an integral part of these financial statements

Centrica Resources (Armada) Limited

Balance Sheet as at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Intangible assets	7	5,040	3,007
Tangible assets	8	7,597	3,863
Investment	9	1,001	1,001
		13,638	7,871
Current assets			
Debtors (including £3,999,000 (2010 £3,219,000) due after 1 year)	10	83,868	75,140
Cash at bank and in hand		1,578	1,141
		85,446	76,281
Creditors (amounts falling due within one year)	11	(30,151)	(13,524)
Net current assets		55,295	62,757
Total assets less current liabilities		68,933	70,628
Provisions for liabilities and charges	12	(5,922)	(4,033)
Net assets		63,011	66,595
Capital and reserves			
Called up share capital	14	42,926	42,926
Translation reserve	15	339	(35)
Profit and loss account	16	19,746	23,704
Total equity shareholder funds	17	63,011	66,595

The notes on pages 8 to 15 are an integral part of these financial statements

The financial statements on pages 5 to 15 were approved and authorised for issue by the Board of Directors on 26/09/2012 and were signed on its behalf by


PI Hedley
Director

Registered number 04181384

Centrica Resources (Armada) Limited

Notes to the financial statements for the year ended 31 December 2011

1 Principal accounting policies

a) Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with United Kingdom Accounting Standards and the Companies Act 2006. 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.

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

Revenue associated with exploration and production sales is recognised when title passes to the customer. Revenue from the production of natural gas, oil and condensates in which the Company has an interest with other producers is recognised based on the Company's working interest and the terms of the relevant production sharing arrangements.

d) Cost of sales

Cost of sales includes 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) Capitalised cost

The Company follows the "successful efforts" method of accounting for oil & gas assets, under which expenditure relating to acquisition, appraisal and exploration of oil & gas interests are initially capitalised at cost as intangible assets, pending determination of commercial reserves.

f) Foreign currencies

The financial statements of the Company are presented in sterling, which is the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

The assets and liabilities of the Company's foreign branch operations, jointly controlled entities and associates are translated into pounds sterling at exchange rates prevailing on the balance sheet date. The results of foreign operations are translated into pounds sterling at average rates of exchange for the relevant period. Exchange differences arising from the retranslation of the opening net assets and results for the year are transferred to the Company's foreign currency translation reserve, a separate component of equity, and are reported in the Statement of Total Recognised Gains and Losses. In the event of the disposal of an operation with assets and liabilities denominated in a foreign currency, the cumulative translation difference arising in the foreign currency translation reserve is charged or credited to the Profit and Loss on disposal.

g) Intangible assets

Intangible assets, which are capitalised gas exploration activities, are included in the balance sheet at cost, less any provisions for impairment.

h) Tangible assets

Tangible assets are included in the balance sheet at cost, less accumulated depreciation and any provisions for impairment.

Production assets are depreciated from the commencement of production in the fields concerned, using the unit of production method, 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.

Centrica Resources (Armada) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1 Principal accounting policies (continued)

i) Investments

Investments are included in the balance sheet at cost, less any provisions for impairment as necessary

Investment income is recognised as distributions are received

j) Impairment

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

k) Decommissioning costs

Provision for decommissioning is recognised in full at the commencement of oil and gas production. Provision is made for the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. Any change in the present value of the expected expenditure is reflected as an adjustment to the provision and the fixed asset. 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.

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

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

m) Commercial reserves

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

2 Turnover

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

Centrica Resources (Armada) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2011 £000	2010 £000
Depreciation and amortisation (note 8)	531	3,268
Impairment (credit)	-	(1,001)
Auditors' remuneration – audit fees	10	10

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

4 Directors and employees

i) Directors remuneration for services to this company

- The aggregate emoluments paid to directors in respect of their qualifying services were £89,959 (2010 £167,928)
- The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services were £6,057 (2010 £10,597)
- There were 2 directors (2010 4) to whom retirement benefits are accruing under a defined benefit pension schemes
- There were 6 directors (2010 3) to whom retirement benefits are accruing under money purchase pension schemes
- There were 2 directors (2010 5) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme
- There was 1 director (2010 2) who exercised share options relating to the ultimate parent company

ii) Employee costs and numbers

The Company does not have any employees (2010 nil)

5 Interest receivable and payable

	2011 £000	2010 £000
i) Interest receivable and similar income:		
Interest receivable from Group undertaking	1,139	986
Other interest receivable	-	20
Unrealised foreign exchange gains	299	-
	1,438	1,006
ii) Interest payable and similar charges		
Notional interest arising on discounted items (note 12)	(89)	(87)
Unrealised foreign exchange losses	-	(150)
Other interest payable	(2)	(4)
	(91)	(241)

Centrica Resources (Armada) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6 Taxation on loss on ordinary activities

	2011 £000	2010 £000
Current tax*		
- UK corporation tax at 26.5% (2010: 28%)	1,444	3,096
- Additional charges applicable to upstream profits at 32.8% (2010: 22%)	1,787	2,433
- Adjustments in respect of prior years	(3,623)	-
Total current tax	(392)	5,529
Deferred tax		
- Origination and reversal of timing differences	64	(2,279)
- Impact of changes in tax rates	(154)	-
- Adjustments in respect of prior years	148	-
Total deferred tax (note 13)	58	(2,279)
Taxation (credit)/charge	(334)	3,250

The tax assessed for the period is higher (2010: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010: 28%). The differences are explained below:

	2011 £000	2010 £000
Loss on ordinary activities before tax	(4,292)	(2,353)
Tax on loss on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	(1,137)	(659)
Effects of:		
Expenses not deductible for tax purposes	-	799
Utilisation of timing differences	66	127
Capital allowances in excess of depreciation	501	1,124
Partnership profit share	29	25
Additional charge applicable to upstream profits	1,787	2,433
Group relief for nil consideration	1,985	1,680
Adjustments to tax charge in respect of previous periods	(3,623)	-
Current tax (credit)/charge for the year	(392)	5,529

A number of changes to the UK corporation tax system were announced in the March 2011 and the March 2012 Budget Statements. The main rate of corporation tax was 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. A further reduction of the corporation tax rate to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. Also proposed from 21 March 2012 is a reduction of 12% to the rate of relief available for decommissioning expenditure against the supplementary charge. Beyond the reduction to 25%, 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 proposed further reductions on the deferred tax balances would be a reduction in the asset of £296,000.

Centrica Resources (Armada) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Intangible assets

	Exploration assets £000
Cost	
As at 1 January 2011	3,007
Additions	7,833
Write off	(5,800)
As at 31 December 2011	5,040
Amortisation and impairment	
As at 1 January 2011	-
Amortisation	-
As at 31 December 2011	-
Net book value as at 31 December 2011	5,040
Net book value as at 31 December 2010	3,007

Intangible asset additions relate to Trinidad Block 2ab. During the period, costs totalling £5,800,000 associated with the Stalin-1 well on our Trinidad 2AB exploration prospect were written off following unsuccessful drilling results, with the well evaluated as dry and to be abandoned.

8 Tangible assets

	Production assets £000
Cost	
As at 1 January 2011	47,792
Additions	2,465
Revision to decommissioning asset	1,800
As at 31 December 2011	52,057
Accumulated depreciation and amortisation	
As at 1 January 2011	43,929
Charge for the year	531
As at 31 December 2011	44,460
Net book value as at 31 December 2011	7,597
Net book value as at 31 December 2010	3,863

The net book value of the asset associated with the Company's decommissioning costs at 31 December 2011 was £2.6m (31 December 2010: £949k).

Centrica Resources (Armada) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9 Investments

	Investment in partnership undertaking £000
Cost and Net Book Value at 1 January 2011 and 31 December 2011	1,001

The above investment is 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 2008.

10 Debtors

	2011 £000	2010 £000
Amounts due from group undertakings	75,653	73,992
Deferred tax asset	584	642
Other debtors	5,931	506
Taxation	1,700	-
	83,868	75,140

Amounts due from Group undertakings include £3,999,000 (2010: £3,219,000) falling due after more than one year.

The amounts receivable from Group undertakings include £44,305,000 (2010: £61,386,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.71% and 2.71% per annum during 2011 (2010: 1.32% and 2.11%). The other amounts receivable from Group undertakings are interest-free. All amounts receivable from Group undertakings are unsecured and repayable on demand.

11 Creditors (amounts falling due within one year)

	2011 £000	2010 £000
Amounts owed to group undertakings	27,834	10,606
Taxation	-	1,630
Accruals	2,317	1,288
	30,151	13,524

Amounts owed to group undertakings are payable on demand, unsecured and interest free.

Centrica Resources (Armada) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

12 Provisions for liabilities

	Decommissioning costs £000	Total £000
As at 1 January 2011	4,033	4,033
Revision to decommissioning liability	1,800	1,800
Profit and loss charge	89	89
As at 31 December 2011	5,922	5,922

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 life of the field but are anticipated to occur between 2020 and 2024. The profit and loss charge increase arising during the year includes £89k of notional interest (2010: £87k).

13 Deferred tax asset

Deferred corporation tax asset at 62% (2010: 50%) is analysed as follows

	Amounts provided	
	2011 £000	2010 £000
Accelerated capital allowances	1,662	989
Other timing differences	(2,246)	(1,631)
	(584)	(642)

14 Share capital

	2011 £000	2010 £000
Allotted and fully paid		
42,926,001 ordinary shares of £1 each	42,926	42,926

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A Special Resolution was passed by the Company's sole member on 14 January 2011 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

15 Translation reserve

	£000
At 1 January 2011	(35)
Translation of foreign currency balances in the year	374
At 31 December 2011	339

Centrica Resources (Armada) Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

16 Profit and loss account

	£000
At 1 January 2011	23,704
Loss for the financial year	(3,958)
At 31 December 2011	19,746

17 Reconciliation of movements in equity shareholders' funds

	2011 £000	2010 £000
At 1 January	66,595	72,233
Revaluation reserve	374	(35)
Loss for the financial year	(3,958)	(5,603)
As at 31 December	63,011	66,595

18 Commitments and contingent liabilities

The Company has no contingent liabilities (2010 £nil)

Contracted future capital expenditure as at 31 December 2011 was £nil (2010 £nil)

19 Ultimate parent undertaking

The Company's immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales

The ultimate parent undertaking and controlling party is Centrica plc, a company registered in England and Wales, which is the largest and smallest group to consolidate the financial statements of Centrica Resources (Armada) Limited. Copies of the financial statements of Centrica plc are available from www.centrica.com

Centrica Resources (Armada) Limited

GAS & LIQUID RESERVES (unaudited)

The Company's estimates of reserves of gas and liquids are reviewed as part of the Company's half-year and full-year reporting process and updated accordingly. A number of factors affect the volumes of gas and liquids reserves, including the available reservoir data, commodity prices and future costs. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of reserves are subject to change as additional information becomes available.

The Group discloses proven and probable gas and liquids reserves, representing the central estimate of future hydrocarbon recovery. Reserves for fields operated by the Company are estimated by in-house technical teams composed of geoscientists and reservoir engineers. Reserves for non-operated fields are estimated by the operator, but are subject to internal review and challenge. Internal guidelines for reserve recognition have been revised following the Group's acquisition of Venture Production plc in 2009.

As part of the internal control process related to reserves estimation, an audit of the reserves, including the application of the reserves definitions, is undertaken by an independent technical auditor. Reserves are estimated in accordance with a formal policy and procedure standard.

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

	2011 UK	2010 UK
As at 1 January	6.9	5.5
Revisions of previous estimates	0.7	3.5
Production	(1.4)	(2.1)
As at 31 December	6.2	6.9

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

	2011 UK	2010 UK
As at 1 January	0.36	0.29
Revisions of previous estimates	0.08	0.16
Production	(0.08)	(0.09)
As at 31 December	0.36	0.36

Liquids reserves include condensate, propane, butane and oil.