

**Registered Number: 6791610**

**Centrica Resources (UK) Limited**  
**Annual Report and Financial Statements**  
**For the period ended 31 December 2009**

TUESDAY



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21/09/2010  
COMPANIES HOUSE

# **Centrica Resources (UK) Limited**

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

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

### **Principal activities**

The Company was incorporated on 14 January 2009 and its principal activity is to act as a holding company for Centrica plc group companies ("the Group"). On incorporation, the Company's year end was set for 31 December 2009 and these financial statements are therefore drawn up for the 11 month and 17 day period ended 31 December 2009

### **Business review**

On 27 August 2009, the Company gained control of the financial and operating decisions of Venture Production Limited (formerly known as Venture Production plc) by acquiring more than 50% of the company's ordinary share capital. This shareholding had been built up in piecemeal fashion from 18 March 2009. The remaining share capital was subsequently acquired with a 100% holding gained on 9 November 2009. The total consideration was £1,252.7 million, including transaction costs.

Venture Production Limited (formerly known as Venture Production plc) is an upstream oil and gas company with numerous producing, development and exploration assets in the North Sea and beyond.

### **Results and dividends**

The results of the Company are set out on page 6. The profit on ordinary activities after taxation for the period ended 31 December 2009 is £6,435,000. The Directors do not recommend the payment of a final dividend.

### **Financial Position**

The financial position of the Company is presented in the Balance Sheet on page 7. Shareholder funds at 31 December 2009 were £6,435,000, comprising fixed asset investments of £1,253,000,000 and net current liabilities of £1,246,000,000.

### **Future developments**

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

### **Post balance sheet events**

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 reduced the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of these changes on the deferred tax balances is not expected to be material since no changes have been proposed to the rate of tax applying to upstream activities.

### **Principal risks and uncertainties**

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

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

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Directors**

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

Mr I G Dawson (appointed 14 January 2009)

Mr N L Luff (appointed 14 January 2009)

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

### **Directors' report for the period ended 31 December 2009 (continued)**

#### **Political and charitable donations**

The Company made no political or charitable donations during the period

#### **Directors' and officers' liability**

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the period under review. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

#### **Creditor payment policy**

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

#### **Financial risk management**

The financial risks faced by the Company are integrated with those of the Group and are not managed separately. Accordingly, the financial risks of the Group, which include those of the Company, are discussed on pages 29-34 of the 2009 Annual Report and Accounts of the Group which does not form part of this report.

#### **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.

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

### **Directors' report for the period ended 31 December 2009 (continued)**

#### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office

This report was approved by the Board on 10 September 2010



For and on behalf of Centrica Secretaries Limited  
Company Secretary  
10 September 2010

Company registered in England and Wales No 6791610  
Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **Centrica Resources (UK) Limited**

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

We have audited the financial statements of Centrica Resources (UK) Limited for the period ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

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

10 September 2010

## Centrica Resources (UK) Limited

### Profit and Loss Account

For the period ended 31 December 2009

	Note	11 months and 17 days ended 31 December 2009 £'000
Administrative expenses		(837)
<b>Operating loss</b>	2	(837)
Income from other fixed asset investments	4	7,283
<b>Profit on ordinary activities before taxation</b>		6,446
Tax on profit on ordinary activities	5	(11)
<b>Profit on ordinary activities after taxation</b>		6,435
<b>Retained profit transferred to reserves</b>	12	6,435

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

The Company has no recognised gains and losses other than the profit for the period stated above and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents

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

# Centrica Resources (UK) Limited

## Balance Sheet as at 31 December 2009

	Note	2009 £'000
<b>Fixed Assets</b>		
Tangible fixed assets	6	102
Investments	7	<u>1,252,736</u>
		<u>1,252,838</u>
<b>Creditors (amounts falling due within one year)</b>	8	<u>(1,246,392)</u>
<b>Net current liabilities</b>		<u>(1,246,392)</u>
<b>Total assets less current liabilities</b>		6,446
<b>Provisions for liabilities and charges</b>	9	<u>(11)</u>
<b>Net assets</b>		<u>6,435</u>
<b>Capital and reserves</b>		
Called up share capital	11	-
Profit and loss reserve	12	<u>6,435</u>
<b>Total shareholders' funds</b>	13	<u>6,435</u>

Registered number 6791610

The financial statements on pages 6 to 13 were approved and authorised for issue by the Board of Directors on 10 September 2010 and were signed on its behalf by



**Nick Luff**  
Director

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

# **Centrica Resources (UK) Limited**

## **Notes to the financial statements for the period ended 31 December 2009**

### **1 Principal accounting policies**

#### **Accounting principles**

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

#### **Basis of preparation**

On incorporation the Company set its year end for 31 December and these financial statements are therefore drawn up for the 11 month and 17 day period ended 31 December 2009.

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

#### **Exemptions**

The Company is a wholly owned subsidiary of GB Gas Holdings Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under Financial Reporting Standard No. 2 - 'Accounting for Subsidiary Undertakings'. The Company has also taken advantage of the exemptions within Financial Reporting Standard No. 1 - 'Cash Flow Statements' from presenting a cash flow statement and Financial Reporting Standard No. 8 - 'Related Party Disclosures' from disclosure of transactions with other companies that are part of the Centrica plc group.

#### **Fixed asset investments**

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

#### **Tangible fixed assets**

Tangible fixed assets are stated at purchase cost together with any incidental costs of acquisition less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates sufficient to write off the cost of individual assets, less estimated residual value, over their estimated useful lives. The depreciation periods for the principal categories of assets are fixtures and fittings (5 years) and computer and office equipment (5 years).

#### **Interest Income**

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

#### **Dividend Income**

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

#### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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



# Centrica Resources (UK) Limited

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

### 1 Principal accounting policies (continued)

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

### 2 Operating loss

The operating loss is stated after charging

	2009 £'000
Auditor's remuneration	9

Auditors' remuneration relates to fees for the audit of the UK GAAP statutory accounts of Centrica Resources (UK) Limited and includes fees in relation to the audit of the IFRS group consolidation schedules, for the purpose of the Centrica Group audit, which also contribute to the audit of Centrica Resources (UK) Limited

### 3 Directors and employees

#### i) Directors' remuneration

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

Mr I G Dawson and Mr N L Luff are also Directors of the ultimate parent company and their remuneration for services to the Group as a whole is shown in Centrica plc's Annual Report and Accounts for the year ended 31 December 2009

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

#### ii) Employee information

The Company does not have any employees

### 4 Income from other fixed asset investments

	2009 £'000
Dividends received	4,589
Interest income	2,694
	<u>7,283</u>

Interest income of £2,694,000 was received from on the £75,000,000 3 25% convertible bond the company held in Venture Production Limited (formerly known as Venture Production plc) during the year

# Centrica Resources (UK) Limited

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

### 5 Taxation on profit on ordinary activities

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

The tax credit comprises

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

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

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

There is no deferred tax (either recognised or unrecognised) in the current period

### 6 Tangible fixed assets

	£'000
<b>Cost</b>	
As at 14 January 2009	-
Additions	102
As at 31 December 2009	<u>102</u>
<b>Depreciation</b>	
As at 14 January 2009 and 31 December 2009	<u>-</u>
<b>Net book value</b>	
As at 14 January 2009	<u>-</u>
As at 31 December 2009	<u>102</u>
Tangible fixed assets comprise fixtures and fittings, and computer and office equipment	

# Centrica Resources (UK) Limited

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

### 7 Fixed asset investments

	2009 £'000
As at 14 January 2009	-
Investment in Venture Production plc	1,252,736
Purchase of 3 25% redeemable bond	75,000
Disposal of 3 25% redeemable bond	(75,000)
Cost and carrying value	<u>1,252,736</u>

	Country of registration or incorporation	Class of shares held	Company holding (%)
Venture Production plc	United Kingdom	Ordinary	100

On 27 August 2009, the Company gained control of Venture Production Limited (formerly known as Venture Production plc) by acquiring more than 50% of their ordinary share and subsequently acquired a 100% holding on 9 November 2009. The total consideration was £1,252.7 million, including transaction costs.

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

	2009 £'000
Trade creditors	17,638
Amounts due to group undertakings	1,228,754
	<u>1,246,392</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 9 Provisions for liabilities and charges

	Deferred CT £000	Total £000
As at 14 January 2009	-	-
Profit and loss charge arising during the year	11	11
As at 31 December 2009	<u>11</u>	<u>11</u>

# Centrica Resources (UK) Limited

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

### 10 Deferred taxation

Deferred corporation tax provision at 28% is analysed as follows

	Amounts provided 2009 £000
Accelerated capital allowances	11
<b>As at 31 December 2009</b>	<b>11</b>

There were no amounts of unprovided deferred tax

### 11 Called up share capital

	2009 £
<b>Authorised</b>	
NIL ordinary shares of £1 each	-
<b>Issued, allotted and fully paid</b>	
2 ordinary shares of £1 each	2

The Company was incorporated on 14 January 2009 with an authorised share capital of 2 ordinary shares of £1 each. 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 23 December 2009 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.

### 12 Reserves

	Profit and loss reserve £'000	Total £'000
As at 14 January 2009	-	-
Retained profit for the period	6,435	6,435
<b>As at 31 December 2009</b>	<b>6,435</b>	<b>6,435</b>

### 13 Reconciliation of movements in shareholders' funds

	2009 £'000
Opening shareholders' funds	-
Issue of share capital	-
Retained profit for the period	6,435
<b>Closing shareholders' funds</b>	<b>6,435</b>

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

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

#### **14 Related Party Disclosures**

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

#### **15 Post Balance Sheet Event**

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 reduced the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of these changes on the deferred tax balances is not expected to be material since no changes have been proposed to the rate of tax applying to upstream activities.

#### **16 Ultimate parent undertaking**

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