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Company Registration No. 109148C
Branch Registration No. BR7301

Centrica Delta Limited
Annual Report and Financial Statements
For the year ended 31 December 2011

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Centrica Delta Limited

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Centrica Delta Limited

Directors' report for the year ended 31 December 2011

The Directors present their report and the unaudited financial statements of Centrica Delta Limited (the "Company") for the year ended 31 December 2011.

Principal activities

The principal activity of the Company is to act as an investment holding company.

Review of business and future developments

The financial position of the Company is presented in the balance sheet on page 4. Shareholders' funds at 31 December 2011 were C\$714,568,000. (2010: C\$698,180,000).

On 20 December 2011 the company sold its investment in Centrica KPS Limited at book value to a fellow subsidiary company and also from that date all loans became interest free. From 31 December 2011 there are no activities in the Company.

Results and dividends

The profit on ordinary activities after taxation for the year ended 31 December 2011 is C\$16,388,000 (2010: C\$13,023,000 profit).

The Directors do not recommend the payment of a final dividend (2010: C\$nil).

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties that the Company is exposed to are interest rate risks linked to the Centrica plc Group's ("the Group") cost of funds. As the interest rate risks relate to transactions with other Group companies they are not actively managed by the Company.

The principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 36-40 of the Group's 2011 Annual Report and Accounts which does not form part of this report. Copies of the Annual Report of Centrica plc may be obtained from www.Centrica.com.

Key performance indicators ("KPIs")

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets and results after tax.

Directors

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

I G Dawson
P J V Dougherty
C Redcliffe
J Bell

Political and charitable donations

The Company made no political or charitable donations during the year (2010: C\$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.

Financial risk management

Details of the Group's financial risk management policy are set out on pages 117 - 119 of the Group's 2011 Annual Report and Accounts.

Group Treasury also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, where status is kept under review.

Centrica Delta 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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Isle of Man Companies Acts 1931-2004. 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.

Audit

The company is exempt from the requirements of the Companies Acts 1931 to 2004 which relate to the audit of the financial statements of companies in accordance with The Companies (Audit Exemption) Regulations 2007. Accordingly, the financial statements of the company are not subject to audit.

This report was approved by the Board on September 2012.

C Redcliffe

Director

Registered in Isle of Man, Registered number 109148C

Registered office:

PO Box 166

4th Floor

One Circular Road

Douglas

Isle of Man, IM99 3NZ

Centrica Delta Limited

Profit and loss account for the year ended 31 December 2011

	Notes	2011 C\$000	2010 C\$000
Operating income		-	12
Profit on ordinary activities before interest and taxation		-	12
Interest receivable and similar income	3	16,388	13,011
Profit on ordinary activities before taxation		16,388	13,023
Taxation on profit on ordinary activities	4	-	-
Profit for the financial year	9	16,388	13,023

All activities relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and its historical cost equivalents.

There are no recognised gains or losses other than those included in the results above, and accordingly no separate statement of recognised gains and losses has been presented.

A statement of movements in shareholders' funds is shown in note 9.

The notes on pages 5 to 8 form part of these financial statements.

Centrica Delta Limited

Balance sheet as at 31 December 2011

	Notes	2011 C\$000	2010 C\$000
Fixed assets			
Investment in subsidiaries	5	-	147,670
Current assets			
Debtors (amounts receivable in less than one year)	6	714,568	550,469
Cash at bank and in hand		-	41
Net current assets		<u>714,568</u>	<u>550,510</u>
Net assets		<u>714,568</u>	<u>698,180</u>
Capital and reserves			
Called up share capital	7	667,720	667,720
Profit and loss account	8	<u>46,848</u>	<u>30,460</u>
Total shareholders' funds	9	<u>714,568</u>	<u>698,180</u>
Attributable to equity shareholders		<u>158,084</u>	<u>154,459</u>
Attributable to non-equity shareholders		<u>556,484</u>	<u>543,721</u>
		<u>714,568</u>	<u>698,180</u>

The financial statements on pages 3 to 8 were approved by the Board of Directors on September 2012 and were signed on its behalf by:

C Redcliffe
Director

J Bell
Director

Company Registration No. 109148C
Branch Registration No. BR7301

The notes on pages 5 to 8 form part of these financial statements.

Centrica Delta Limited

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

1. Principal accounting policies

Accounting principles

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention and the Isle of Man Companies Acts 1931-2004. The financial statements comply with the Statement of Recommended Accounting Practice issued by the Isle of Man Society of Chartered Accountants and the Association of Chartered Certified Accountants.

Basis of preparation

The Directors believe that the going concern basis is applicable for the preparation of the accounts.

Exemptions

The Company is a wholly-owned subsidiary undertaking of Centrica plc and is included in the consolidated financial statements of Centrica plc which are publicly available.

The Company has also taken advantage of the exemptions within: Financial Reporting Standard No 1 (Revised) "Cash Flow Statements" from presenting a cash flow statement; and within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Group companies.

Reporting currency

The Directors consider that the currency of the primary economic environment in which the Company operates and generates net cash flows is Canadian dollars. Accordingly the financial statements have been prepared in Canadian dollars. The 31 December 2011 Canadian dollar to Sterling exchange rate used in the preparation of these financial statements was 1.58868 (2010: 1.55045), and the average rate for the year was 1.5855 (2010: 1.6035).

Investments in subsidiary undertakings

Fixed asset investments are included in the balance sheet at cost, less accumulated provisions for any impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Financial instruments

Share capital: Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

Interest bearing debt and loans: All interest bearing debt and loans are initially stated at the amount of the net proceeds for debt and costs for loans. After initial recognition, the carrying amounts of interest bearing loan receivables and payables are increased by the finance income and finance costs respectively. The carrying amounts are reduced by the payment or repayment of amounts owing under loan receivables and payables respectively.

The Company is exempted by FRS 29 from providing detailed disclosures in respect of its financial instruments because it does not apply FRS 26.

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.

From 6 April 2007, the company is liable to Isle of Man tax at the general rate of corporate income tax of 0%.

Centrica Delta Limited

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

2. Directors and employees

There were no employees during the year (2010: nil). The Directors are remunerated by other group undertakings in respect of their services to the Group, and this could not be allocated on a reasonable basis to the Company for either the current or prior year.

There were 2 Directors (2010: 2) to whom retirement benefits are accruing under defined benefit pension schemes. Details of the defined benefit pension scheme can be found in the Centrica plc 2011 Annual Report and Accounts.

3. Interest receivable and similar income

	2011 C\$000	2010 C\$000
Interest receivable from Group undertakings	<u>16,388</u>	<u>13,011</u>

4. Taxation

The tax credit comprises:

	2011 C\$000	2010 C\$000
Corporation tax at 26.5% (2010: 28%)	-	-
Adjustments in respect of previous periods	-	-
Total current tax	<u>-</u>	<u>-</u>

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 is as follows:

	2011 C\$000	2010 C\$000
Profit on ordinary activities before tax	<u>16,388</u>	<u>13,023</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	4,343	3,646
Effects of:		
UK - UK transfer pricing adjustment	26	21
Prior year adjustment	-	-
Group relief for nil consideration	<u>(4,369)</u>	<u>(3,667)</u>
Tax credit for the period	<u>-</u>	<u>-</u>

No deferred taxation arises in this period (2010: C\$nil).

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 was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 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 further reduce the rate by 1% per annum to 22% by 1 April 2014. The impact of these proposed changes on the financial statements would be nil since the company has no deferred tax balances.

Centrica Delta Limited

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

5. Investments in subsidiaries

	C\$000
1 January 2010	147,670
Disposal	<u>(147,670)</u>
31 December 2011	<u><u>-</u></u>

The investment in Centrica KPS Limited was sold to a fellow subsidiary undertaking on 20 December 2011.

6. Debtors amounts receivable within one year

	2011 C\$000	2010 C\$000
Amounts owed by Group undertakings	<u>714,568</u>	<u>550,469</u>
	<u><u>714,568</u></u>	<u><u>550,469</u></u>

The balance is not secured and not interest bearing. At 31 December 2010 C\$520,000,000 loan bears interest at the Canadian dollar prime rate and is unsecured. The interest rate is reset quarterly at the rate on the last day of the preceding quarter. Interest is receivable quarterly in arrears.

7. Called up Share Capital

	2011 C\$000	2010 C\$000
Authorised:		
200,050,000 ordinary shares of C\$1 each	200,050	200,050
520,000,000 ordinary B shares of C\$1 each	<u>520,000</u>	<u>520,000</u>
Called up, allotted and fully paid:		
147,719,750 ordinary shares of C\$1 each	147,720	147,720
520,000,000 ordinary B shares of C\$1 each	<u>520,000</u>	<u>520,000</u>
	<u><u>667,720</u></u>	<u><u>667,720</u></u>

The holders of the Ordinary B shares have the right to receive notice of and attend every General Meeting of the Company, but do not have the right to speak or to vote at a General Meeting of the Company or to wind up the Company. No ordinary B share confers any right to participate in any offer or invitation by way of rights or otherwise to subscribe for any other shares in the Company or confer any right to receive shares credited as fully paid up wholly or in part by way of capitalisation of profits or reserves.

Centrica Delta Limited

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

8. Reconciliation of movement in reserves

	Profit and loss reserve C\$000
As at 1 January 2011	30,460
Profit for the financial year	<u>16,388</u>
As at 31 December 2011	<u>46,848</u>

9. Reconciliation of movements in shareholders' funds

	2011 C\$000	2010 C\$000
Retained profit for the year	<u>16,388</u>	13,023
Net addition to shareholders' funds	<u>16,388</u>	13,023
Opening shareholders' funds	<u>698,180</u>	685,157
Closing shareholders' funds	<u>714,568</u>	<u>698,180</u>

10. Ultimate parent undertaking

Centrica Finance (Canada) Limited, a company registered in England and Wales, is the immediate parent undertaking. Centrica plc, a company registered in England and Wales, is the ultimate parent undertaking and the only company to consolidate the financial statements of the Company. Copies of the Annual Report of Centrica plc may be obtained from www.centrica.com.