

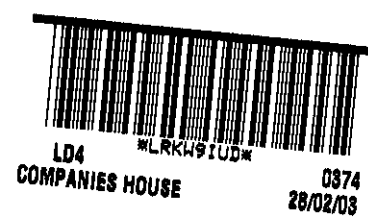
CENTRICA RESOURCES LIMITED

REPORT AND ACCOUNTS

FOR THE 4 MONTHS ENDED

30 APRIL 2002

REGISTERED NO: 2855151



Centrica Resources Limited

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DIRECTORS' REPORT

The Directors submit their report and audited financial statements of Centrica Resources Limited ("the Company") for the 4 months ended 30 April 2002.

Principal activities

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

Accounting Reference Date

Through a Directors' resolution dated 31 January 2003, the accounting reference date of the Company was changed from 31 December to 30 April. As a result, the accounting reference period applicable to the financial results of the current period is for the four months from 1 January 2002 to 30 April 2002. The Directors plan to revert to an accounting reference date of 31 December for the period ended 31 December 2002.

Financial results and business review

The Company recorded an operating profit of £10,920,000 for the 4 months ended 30 April 2002 (Year ended 31 December 2001: £24,941,000). The profit on ordinary activities after taxation for the 4 months ended 30 April 2002 was £19,572,000 (Year ended 31 December 2001: £13,341,000).

Oil production averaged 5,843 barrels per day (net) for the 4 months ended 30 April 2002 (Year ended 31 December 2001: 5,666 barrels per day (net)). Gas production averaged 89.21 million cubic feet per day (net) for the 4 months ended 30 April 2002 (Year ended 31 December 2001: 104.24 million cubic feet per day (net)).

The Company continues to build on its equity interests in oil and gas reserves. Details of the significant purchases subsequent to the balance sheet date can be found in note 20 on page 23.

Dividends

The Directors do not recommend the payment of a dividend for the 4 months ended 30 April 2002 (Year ended 31 December 2001: £nil).

**REPORT OF THE DIRECTORS FOR THE 4 MONTHS ENDED
30 APRIL 2002 (continued)**

Creditor payment policy

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

- (a) agree the terms of payment at the start of business with that supplier;
- (b) ensure that suppliers are aware of the terms of payment; and
- (c) pay in accordance with its contractual and other legal obligations.

The number of days of average daily purchases included in trade creditors as at 30 April 2002 was one day (as at 31 December 2001: 1 day).

Employment policies

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

Employee communications

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

Directors

The following served as directors during the 4 month period ended 30 April 2002:

Jacob Shield Ulrich (Chairman)

David Clarke

Michael John Garstang

Anthony Charles Henshaw

John Nicholas Shears (resigned 1st January 2002)

Centrica Resources Limited

REPORT OF THE DIRECTORS FOR THE 4 MONTHS ENDED 30 APRIL 2002 (continued)

Directors' interests

At no time during the 4 months ended 30 April 2002, did any director have any interest in the shares of the Company or any other company in the Centrica plc group, except for the interests in, and the options over, the shares and interests of the ultimate parent company, Centrica plc, as set out below.

The Directors with interests in ordinary shares of Centrica plc during the period (which include those of their families), and who were holding office at the period end are as follows:

Interests in ordinary shares

	As at 1 January 2002	As at 30 April 2002
Anthony Henshaw	476	476
David Clarke	1,602	3,086
Jacob Ulrich	69,036	292,333
Michael Garstang	246	246

Interests shown include shares held under the terms of the Centrica plc profit sharing scheme, where applicable.

Sharesave

	As at 1 January 2002	As at 30 April 2002
Anthony Henshaw	7,580	7,580
David Clarke	21,942	25,669
Jacob Ulrich	37,176	37,176

Options over shares in Centrica plc granted in June 1997, June 1998, December 1999, June 2000, and April 2002 were at an option price of 46.4, 92.2, 127.8, 202.6 and 177.6 pence per share respectively.

Centrica Resources Limited

REPORT OF THE DIRECTORS FOR THE 4 MONTHS ENDED 30 APRIL 2002 (continued)

Long term incentive scheme

	As at 1 January 2002	Granted during the 4 months	Exercised during the 4 months	As at 30 April 2002
Anthony Henshaw	90,468	23,910	-	114,378
David Clarke	247,823	27,135	(52,474)	222,484
Jacob Ulrich	1,500,914	145,129	(372,162)	1,273,881
Michael Garstang	48,834	20,017	-	68,851

Notional allocations of shares were made on 1 April 2002 at a base price of 224.7 pence. Figures as at 30 April 2002 shown above include notional allocations of shares subject to performance conditions and for David Clarke and Jacob Ulrich, allocations of shares that have reached the conclusion of the relevant performance period but will not be transferred until the expiry of the retention period (a further two years).

Centrica Executive Share Option Scheme

	As at 1 January 2002	Granted during the 4 months	As at 30 April 2002
David Clarke	47,906	54,270	102,176
Jacob Ulrich	337,429	387,010	724,439

Options were granted on 31 May 2001 and 30 April 2002 under the terms of the Centrica Executive Share Option Scheme at an option price of 240.05 and 224.8 pence respectively. The options will become exercisable, to the extent that performance conditions are satisfied, three years after the date of the grant and remain exercisable until the tenth anniversary of the grant.

Options were granted under the terms of the ultimate parent company's Savings Related Share Option Scheme and New Executive Share Option, and allocations made under the terms of the Long Term Incentive Scheme. Details of these schemes can be found in the accounts of Centrica plc.

Centrica Resources Limited

REPORT OF THE DIRECTORS FOR THE 4 MONTHS ENDED 30 APRIL 2002 (continued)

The closing price of a Centrica ordinary share on the last trading day of 2002 (30 April) was 211.25 pence. The range during the 4 month period ended 30 April 2002 was 239.00 pence (high) and 210.50 pence (low).

Directors' insurance

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc.

Auditors

The Company's auditors, PricewaterhouseCoopers, have indicated that following the approval of these accounts, they will tender their resignation as auditors. It is the Board's intention to appoint the newly created limited liability partnership, PricewaterhouseCoopers LLP, in their stead to fill the subsequent casual vacancy.

By order of the Board



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

Date: 25 February 2003

Registered Office:	Millstream
	Maidenhead Road
	Windsor
	Berkshire
	SL4 5GD

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

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

The Directors consider that in preparing the financial statements on pages 8 to 23, 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CENTRICA RESOURCES LIMITED

We have audited the financial statements of Centrica Resources Limited (the "Company") for the 4 months ended 30 April 2002 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

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

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

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 in to whose hands it may come save where expressly agreed by our prior written consent.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

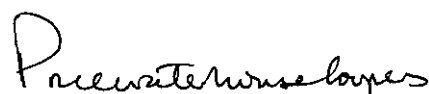
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 30 April 2002 and of its profit for the 4 months then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Date: 27 February 2003

Centrica Resources Limited

PROFIT AND LOSS ACCOUNT FOR THE 4 MONTHS ENDED 30 APRIL 2002

	Note	4 Months ended 30 April 2002 £'000	Year ended 31 December 2001 £'000
Turnover	3	35,393	113,484
Cost of sales		<u>(24,473)</u>	<u>(88,543)</u>
Operating profit		10,920	24,941
Profit on sale of fixed assets		-	9,543
Other interest receivable and similar income	5	-	57
Interest payable and similar charges	5	<u>(4,397)</u>	<u>(15,571)</u>
Profit on ordinary activities before taxation	4	6,523	18,970
Tax on profit on ordinary activities	6	<u>13,049</u>	<u>(5,629)</u>
Retained profit for the financial period		<u>19,572</u>	<u>13,341</u>

All activities relate to continuing operations.

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

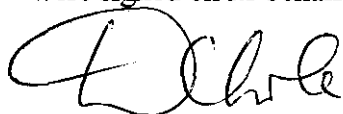
The notes on pages 10 to 23 form part of these financial statements.

Centrica Resources Limited

BALANCE SHEET AS AT 30 APRIL 2002

	Note	As at 30 April 2002 £'000	As at 31 December 2001 £'000
Fixed assets			
Tangible fixed assets	7	204,673	203,224
Current assets			
Stocks	8	2,302	2,507
Debtors (amount falling due within one year)	9	77,735	78,279
Debtors (amount falling due after more than one year)	9	<u>40,892</u>	<u>13,292</u>
		120,929	94,078
Creditors (amounts falling due within one year)	10	<u>(29,005)</u>	<u>(21,427)</u>
Net current assets		<u>91,924</u>	<u>72,651</u>
Total assets less current liabilities		296,597	275,875
Creditors (amounts falling due after more than one year)	11	(173,786)	(173,786)
Provisions for liabilities and charges	12	<u>(47,705)</u>	<u>(46,555)</u>
Net assets		<u>75,106</u>	<u>55,534</u>
Capital and reserve – equity interests			
Called up share capital	14	120,000	120,000
Profit and loss account	15	<u>(44,894)</u>	<u>(64,466)</u>
Shareholders funds	16	<u>75,106</u>	<u>55,534</u>

The accounts on pages 8 to 23 were approved by the Board of Directors on 25th February 2003 and were signed on its behalf by:



David Clarke (Director)

The notes on pages 10 to 23 form part of these financial statements.

NOTES TO THE ACCOUNTS

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention and the Companies Act 1985. Both Financial Reporting Standard (FRS) 18, Accounting Policies, and FRS 19, Deferred Tax, were adopted in 2001. In accordance with the transitional arrangements of FRS 17, Retirement Benefits, additional disclosures are contained in the notes to the financial statements.

1 Principal accounting policies

a) 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.

b) 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.

c) 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. Gas production costs include petroleum revenue taxes, calculated on a unit of production basis, with changes in estimates dealt with prospectively over the remaining lives of gas fields.

d) 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.

NOTES TO THE ACCOUNTS (continued)

1 Principal accounting policies (continued)

e) 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.

Exploration and production assets are depreciated from the commencement of production in the fields concerned, using the successful efforts and unit of production methods, 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.

f) Decommissioning costs

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

g) Leases

Rentals under operating leases are charged to the profit and loss account as incurred.

h) Stocks

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

NOTES TO THE ACCOUNTS (continued)

1 Principal accounting policies (continued)

i) Pensions

Pensions are accounted for in accordance with SSAP 24, Pension Costs. The Company participates in group defined benefit pension schemes and contributions and pension costs are based on pension costs across the Group as a whole.

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from employees' service. The difference between the charge to the profit and loss account and the contributions paid to the Pension Schemes is shown as a provision in the balance sheet. The regular pension cost, variations from the regular pension cost and interest are all charged within employee costs, and the straight-line method is applied for amortising surpluses and interest.

j) 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.

NOTES TO THE ACCOUNTS (continued)

1 Principal accounting policies (continued)

j) Taxation (continued)

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.

k) Long term incentive scheme

The cost of potential share awards under the Group's long-term incentive schemes is charged to the profit and loss account over the period to which the performance criteria of each allocation relates. Cost is defined as the difference between the contribution receivable from employees and the market value at the date of grant, or the actual cost of shares where market purchases are made at, or around, grant date. Cost also includes National Insurance charges expected to arise at exercise dates.

2 Accounting Reference Date

Through a Directors' resolution dated 31 January 2003, the accounting reference date of the Company was changed from 31 December to 30 April. As a result, the accounting reference period applicable to the financial results of the current period is for the four months from 1 January 2002 to 30 April 2002.

Centrica Resources Limited

NOTES TO THE ACCOUNTS (continued)

3 Segmental analysis

Turnover relates to continuing activities and derives principally from the sale of gas and crude oil. All turnover arises in the United Kingdom, of which £10,108,000 for the 4 months ended 30 April 2002 (Year ended 31 December 2001: £31,802,000) related to exports to the rest of Europe, and £665,000 for the 4 months ended 30 April 2002 (Year ended 31 December 2001: £2,571,000) related to exports to the United States of America.

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	4 months ended 30 April 2002 £'000	Year ended 31 December 2001 £'000
Depreciation and amortisation	12,647	49,063
Auditors' remuneration – audit fees	12	38

i) Directors' remuneration

The total directors' remuneration for the period was as follows:

	4 months ended 30 April 2002 £'000	Year ended 31 December 2001 £'000
Aggregate emoluments	<u>71</u>	<u>192</u>

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

Under the Centrica plc group long-term incentive scheme, two Directors received shares during the 4 month period ended 30 April 2002.

Centrica Resources Limited

NOTES TO THE ACCOUNTS (continued)

4 Profit on ordinary activities before taxation (continued)

ii) Employee costs

	4 months ended 30 April 2002 £'000	Year ended 31 December 2001 £'000
Wages and salaries	169	412
Social security costs	25	44
Other pension costs	<u>14</u>	<u>43</u>
	<u>208</u>	<u>499</u>

iii) Employee numbers

The average number of employees during the 4 month period ended 30 April 2002 was 6 (Year ended 31 December 2001: 6).

5 Interest

	4 months ended 30 April 2002 £'000	Year ended 31 December 2001 £'000
i) Other interest receivable and similar income		
Other interest receivable	<u>-</u>	<u>57</u>
ii) Interest payable and similar charges		
Interest payable on loans from parent company	(2,524)	(8,694)
Notional interest arising on discounted items	(1,864)	(6,581)
Other interest payable	<u>(9)</u>	<u>(296)</u>
	<u>(4,397)</u>	<u>(15,571)</u>

NOTES TO THE ACCOUNTS (continued)

6 Taxation on profit on ordinary activities

	4 months ended 30 April 2002 £'000	Year ended 31 December 2001 £'000
Current tax:		
- UK corporation tax at 30% (2001: 30%)	6,144	9,388
- Adjustments in respect of prior periods	<u>5,985</u>	<u>(369)</u>
Total current tax	12,129	9,019
Deferred tax:		
- Deferred petroleum revenue tax (PRT) relief	(504)	(347)
- Other timing differences	(13,883)	(3,349)
- Adjustments in respect of prior periods	-	306
- Deferred tax credit – increase in corporation tax rate	<u>(10,791)</u>	<u>-</u>
Taxation (credit)/charge	<u>(13,049)</u>	<u>5,629</u>

The tax credit in 2002 comprised an increase in deferred tax assets arising from the increase in the corporate tax rate to 40% applicable to profits on 'ring-fenced' offshore gas production from 17 April 2002.

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:

	4 months ended 30 April 2002 £'000	Year ended 31 December 2001 £'000
Profit on ordinary activities before tax	<u>6,523</u>	<u>18,970</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2001: 30%)	1,957	5,691
Effects of:		
- Expenses not deductible for tax purposes	-	1
- Utilisation of timing differences	(391)	(2,402)
- Depreciation in excess of capital allowances	3,794	5,751
- Movement on deferred PRT provision	504	347
- Supplementary charge applicable to upstream profits	280	-
- Adjustments to tax charge in respect of previous periods	<u>5,985</u>	<u>(369)</u>
Current tax charge for the period	<u>12,129</u>	<u>9,019</u>

Centrica Resources Limited

NOTES TO THE ACCOUNTS (continued)

7 Fixed assets

	Exploration Development & Production £'000	Other £'000	Total £'000
Cost			
As at 1 January 2002	413,091	406	413,497
Additions	802	-	802
Acquisitions	12,340	-	12,340
Revision of abandonment estimate	954	-	954
As at 30 April 2002	<u>427,187</u>	<u>406</u>	<u>427,593</u>
Depreciation and amortisation			
As at 1 January 2002	209,867	406	210,273
Charge for the period	<u>12,647</u>	<u>-</u>	<u>12,647</u>
As at 30 April 2002	<u>222,514</u>	<u>406</u>	<u>222,920</u>
Net book value as at 30 April 2002	<u>204,673</u>	<u>-</u>	<u>204,673</u>
Net book value as at 31 December 2001	<u>203,224</u>	<u>-</u>	<u>203,224</u>

8 Stocks

	As at 30 April 2002 £'000	As at 31 December 2001 £'000
Oil stocks	957	1,070
Other raw materials and consumables	<u>1,345</u>	<u>1,437</u>
	<u>2,302</u>	<u>2,507</u>

NOTES TO THE ACCOUNTS (continued)

9 Debtors

	As at 30 April 2002 £'000		As at 31 December 2001 £'000	
Amounts falling due	within one year	after one year	within one year	after one year
Trade debtors	5,761	-	324	-
Amount due from group undertaking	71,180	-	72,428	-
Other debtors	8	-	358	-
Prepayments and accrued income	786	-	2,747	-
Deferred corporation tax asset (Note 13)	-	40,892	2,422	13,292
	<u>77,735</u>	<u>40,892</u>	<u>78,279</u>	<u>13,292</u>

10 Creditors (amounts falling due within one year)

	As at 30 April 2002 £'000	As at 31 December 2001 £'000
Amounts owed to group undertakings	2,064	2,766
Taxation and social security	11,986	4,858
Other creditors	3,547	3,129
Accruals and deferred income	<u>11,408</u>	<u>10,674</u>
	<u>29,005</u>	<u>21,427</u>

11 Creditors (amounts falling due after more than one year)

	As at 30 April 2002 £'000	As at 31 December 2001 £'000
Deferred income	38,550	38,550
Amounts owed to group undertakings	<u>135,236</u>	<u>135,236</u>
	<u>173,786</u>	<u>173,786</u>

The amounts owed to group undertakings include an amount owed to the parent company for an unsecured loan of £133.5m repayable on 26 November 2003. Interest is payable at 0.2% above LIBOR.

NOTES TO THE ACCOUNTS (continued)

12 Provision for liabilities and charges

	Deferred PRT £'000	Decommissioning Costs £'000	Pension Costs £'000	Total £'000
As at 1 January 2002	8,827	37,676	52	46,555
Acquisition and disposals	-	1,374	-	1,374
Revisions	-	(420)	-	(420)
Profit and loss charge	1,679	375	(7)	2,047
Utilised in the period	(1,851)	-	-	(1,851)
As at 30 April 2002	<u>8,655</u>	<u>39,005</u>	<u>45</u>	<u>47,705</u>

Decommissioning costs

Provision has been made for the estimated net present cost of decommissioning gas production facilities at the end of their producing lives. The estimate has been based on 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 4 months is due to a decrease in the estimate for gas field abandonment costs. The profit and loss charge includes £375,000 of notional interest.

Pension costs

This provision includes the difference between charges to the profit and loss account and the contributions paid to the pension schemes in respect of retirement pensions and other related benefits.

Deferred PRT (petroleum revenue tax)

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

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.

Movement on the deferred corporation tax asset in the period is analysed below:

	As at 1 January 2002 £000	Profit and loss (credit) £'000	As at 30 April 2002 £'000
Deferred corporation tax			
- accelerated capital allowances	7,838	(16,732)	(8,894)
- deferred PRT	(2,648)	(1,555)	(4,203)
- other timing differences	<u>(20,904)</u>	<u>(6,891)</u>	<u>(27,795)</u>
	<u>(15,714)</u>	<u>(25,178)</u>	<u>(40,892)</u>

Deferred corporation tax asset at 40% (2001: 30%) is analysed as follows:

	Provided		Unprovided	
	As at 30 April 2002 £'000	As at 31 December 2001 £'000	As at 30 April 2002 £'000	As at 31 December 2001 £'000
Deferred corporation tax				
- accelerated capital allowances	(8,894)	7,838	-	-
- deferred PRT	(4,203)	(2,648)	-	-
- other timing differences	<u>(27,795)</u>	<u>(20,904)</u>	-	-
	<u>(40,892)</u>	<u>(15,714)</u>	-	-

Centrica Resources Limited

NOTES TO THE ACCOUNTS (continued)

14 Share capital

	As at 30 April 2002 £'000	As at 31 December 2001 £'000
Authorised:		
500,000,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid:		
120,000,000 ordinary shares of £1 each	<u>120,000</u>	<u>120,000</u>

15 Movement on profit and loss account

	2002 £'000
Profit and loss account brought forward	(64,466)
Retained profit for the period	<u>19,572</u>
Profit and loss account carried forward	<u>(44,894)</u>

16 Reconciliation of movements in shareholder funds

	2002 £'000	2001 £'000
Profit for the period	19,572	13,341
Shareholder funds at the beginning of the period	<u>55,534</u>	<u>42,193</u>
Shareholder funds at the end of the period	<u>75,106</u>	<u>55,534</u>

NOTES TO THE ACCOUNTS (continued)

17 Pensions – Disclosures in accordance with FRS 17

The majority of the Company's UK employees as at 30 April 2002 were members of one of the four main schemes in the Centrica plc group; the Centrica Staff Pension Scheme.

This scheme has been treated as defined benefit schemes and its assets are held in separate trustee administered funds. However, it is not possible on a reasonable and consistent basis to identify the Company's share of the underlying assets and liabilities within this scheme, and therefore, as allowed within FRS17, this scheme has been treated for disclosure purposes as a defined contribution scheme. The aggregate contributions to the scheme during the 4 months were £20,738. The amount outstanding at the balance sheet date was £nil. The latest actuarial valuation of the scheme, prepared for the purposes of making the transitional disclosures in accordance with FRS17 in the 2001 consolidated financial statements of Centrica plc, show a total deficit of £165 million (£116 million net of deferred tax). Further details of this valuation can be found in the 2001 annual report of Centrica plc.

The liabilities under the pension scheme will be paid out over an extended period. The Company is contributing to the pension fund on the basis of actuarial advice as to the amounts required to meet these liabilities in full. This actuarial advice is based on triennial funding valuations, the last of which was as at 31 March 2001. Since then the company has continued to take actuarial advice and has maintained its current contribution levels.

18 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 30 April 2002 was £1,924,000 (as at 31 December 2001: £2,377,000).

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 the Company Secretary at the following address: Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.

NOTES TO THE ACCOUNTS (continued)

20 Post balance sheet events

Asset Purchases

During 2002 the Company completed the purchase of an 80% equity interest in the Rose field and 37.5% equity interest in the Romeo field.

On 26 June 2002, the Company announced it had reached an agreement with subsidiaries of the Eni Group to acquire a package of producing and development stage offshore gas assets in the Central North Sea in exchange for its non-core interests in the Liverpool Bay Fields. As a result, the Company will have a 5.58% equity interest in the Armada field, 4.50% interest in the Goldeneye field, and interests in the R-block (Renee 17.26%, Rubie 4.78%, and Rochelle 17.26%, together with Block 21/2 which contains the undeveloped Glenn oil and gas discoveries) on completion of the exchange agreement. This deal was completed on 28 November 2002.

In addition, The Company has purchased 18% interest in the Seymour development from BP.

The above transactions have not been reflected in these accounts.