

Registered Number: 4487586

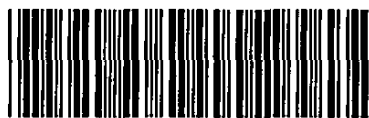
CENTRICA RESOURCES PETROLEUM UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2010

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Centrica Resources Petroleum UK Limited

Directors' report for the year ended 31 December 2010

The Directors present their report and the audited financial statements of Centrica Resources Petroleum UK Limited ("the Company") for the year ended 31 December 2010

Principal activities

Until 31 December 2007, the principal activity of the Company was the exploration, development and extraction of gas reserves on the UK continental shelf. On 31 December 2007 the trade, assets and liabilities of the Company were transferred to Centrica Resources Limited for a consideration of £179,692,621

It is intended that the Company's activities will be wound down in the future

Business review

The Company has not traded during the year. The Company held an interest bearing loan with Centrica Resources Limited throughout the year.

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 18 January 2010 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.

Financial results and dividends

The results of the Company are set out on page 5.

The profit on ordinary activities after taxation for the year ended 31 December 2010 is £2,301,566 (2009 £3,239,711). No dividends were paid during the year (2009 £nil) and the Directors do not recommend the payment of a final dividend (2009 nil).

Financial position

The financial position of the Company is presented in the Balance Sheet on page 6. Shareholders' funds as at 31 December 2010 were £196,184,916 (2009 £193,883,350).

Future developments

The Company is unlikely to trade during 2011.

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 30 - 36 of the 2010 Annual Report and Accounts of the Group which does not form part of this report.

The Company does not take part in hedging of any kind.

Key performance indicators (KPIs)

The directors of the Group manage the Group's operations on a divisional basis. For this reason the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development or position of the business. The development and position of the Group, which includes the Company, is discussed on pages 8-9 of the Group's 2010 Annual Report and Accounts.

Directors

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

Centrica Directors Limited

Pamela Coles

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.

Centrica Resources Petroleum UK Limited

Directors' report for the year ended 31 December 2010 – continued

Charitable and political donations

The Company made no political or charitable donations during the year (2009 £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.

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 the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Centrica Resources Petroleum UK Limited

Directors' report for the year ended 31 December 2010 -- 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 16 June 2011



By order of the Board
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No 4487586

Registered Office
Millstream
Mardenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Resources Petroleum UK Limited

Independent auditors' report to the members of Centrica Resources Petroleum UK Limited

We have audited the financial statements of Centrica Resources Petroleum UK Limited for the year ended 31 December 2010 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 2, 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.

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 2010 and of its profit 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
16 June 2011

Centrica Resources Petroleum UK Limited

Profit and loss account for the year ended 31 December 2010

	Notes	2010 £	2009 £
Other interest receivable and similar income	4	2,301,610	3,242,290
Interest payable and similar charges	5	(44)	(2,579)
Profit on ordinary activities before taxation		2,301,566	3,239,711
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	11	2,301,566	3,239,711

The Company has not traded during the year

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

There is no difference between profit on ordinary activities before tax and profit for the year stated above and their historical cost equivalents

A statement of movements in shareholders' funds is shown in note 11

The notes on pages 7 to 10 form part of these financial statements

Centrica Resources Petroleum UK Limited

Balance Sheet as at 31 December 2010

	Notes	2010 £	2009 £
Current assets			
Debtors (amounts falling due within one year)	7	<u>196,187,539</u>	193,885,929
		196,187,539	193,885,929
Creditors (amounts falling due within one year)	8	<u>(2,623)</u>	(2,579)
Net current assets		196,184,916	193,883,350
Net assets		<u>196,184,916</u>	<u>193,883,350</u>
Capital and reserves			
Called up share capital	9	37,998,300	37,998,300
Share premium reserve	10	1,757,700	1,757,700
Profit and loss reserve	10	<u>156,428,916</u>	<u>154,127,350</u>
Total shareholders' funds	11	<u>196,184,916</u>	<u>193,883,350</u>

The financial statements on pages 5 to 10 were approved and authorised for issue by the Board of Directors on 16 June 2011 and were signed on its behalf by



Pamela Coles
Director

The notes on pages 7 to 10 form part of these financial statements

Centrica Resources Petroleum UK Limited

Notes to the financial statements for the year ended 31 December 2010

1. Statement of principal accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom Accounting Standards and the Companies Act 2006. On 31 December 2007 the trade, assets and liabilities of the Company were transferred to Centrica Resources Limited. As such the Company has ceased to trade, and as a result these accounts have been prepared on a break up basis since 31 December 2007.

(b) Exemptions

As the Company is a wholly owned subsidiary of Centrica Resources UK Holdings Limited which is a wholly owned subsidiary of Centrica plc, the Company has taken advantage of the exemptions within FRS 1, "Cash Flow Statements" from presenting a cash flow statement and within FRS 8, "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

(c) Taxation

The current tax charge is based on the taxable profit for the year. Taxable profits differ from the profit reported in the profit & loss account due to timing differences and other items that require adjustment as set out in legislation. The company's liability for tax is calculated using rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying value in the financial statements. The deferred tax position is calculated using the rates enacted or substantially enacted at the balance sheet date.

Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantially enacted at the balance sheet date to the loss amount.

(d) Amounts due to / from group companies

Amounts due to / from group companies are stated at cost.

2. Auditors' remuneration

Auditors' remuneration relates to fees for the audit of the UK GAAP statutory accounts of Centrica Resources Petroleum UK Limited and includes fees in relation to the audit of the IFRS group consolidation schedules, for the purpose of the Centrica Group audit. The auditors' remuneration of £8,535 (2009: £8,695) is borne by Hydrocarbon Resources Limited, another Centrica Plc Group company.

3. Directors' and employee information

i) Directors' remuneration

None of the Directors received any fees or remuneration from the Company for services as Director of the Company during the financial year (2009: £nil).

ii) Employee costs and numbers

The Company does not have any employees (2009: nil).

Centrica Resources Petroleum UK Limited

Notes to the financial statements for the year ended 31 December 2010 – continued

4. Other interest receivable and similar income

	2010 £	2009 £
Interest receivable from other group companies	2,301,610	3,242,290
	<u>2,301,610</u>	<u>3,242,290</u>

5 Interest payable and similar charges

	2010 £	2009 £
Other	-	(2,579)
Interest payable to other group companies	(44)	-
	<u>(44)</u>	<u>(2,579)</u>

6. Tax on profit on ordinary activities

(a) Analysis of tax charge

There is nil (2009 nil) tax charge during the year

(b) Factors affecting the tax charge

The tax for the year is lower (2009 lower) than the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2010 £	2009 £
Profit on ordinary activities before tax	<u>2,301,566</u>	<u>3,239,711</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	644,438	907,119
Effects of		
UK transfer pricing adjustment	(2,390)	(2,435)
Group relief for nil consideration	(642,048)	(904,684)
Current tax charge for the year	<u>-</u>	<u>-</u>

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. An initial reduction of 1% to 27% effective from 1 April 2011 was enacted by Finance (No 2) Act 2010 and is therefore taken into account in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 is expected to be enacted by Finance Act 2011. Beyond the reduction to 27%, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. As the Company has no deferred tax balances there will be no future impact of these changes on such balances.

Centrica Resources Petroleum UK Limited

Notes to the financial statements for the year ended 31 December 2010 – continued

7. Debtors (amounts falling due within one year)

	2010 £	2009 £
Amounts owed by group undertakings	196,187,539	193,885,929
	196,187,539	193,885,929

Amounts owed by group undertakings include an intercompany loan of £179,692,621 which is unsecured, repayable on demand and bears interest at LIBOR plus 50 basis points

8. Creditors (amounts falling due within one year)

	2010 £	2009 £
Amounts due to group undertakings	2,623	2,579
	2,623	2,579

The amounts payable to Group undertakings include £2,579 (2009 £nil) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.32 and 2.11% per annum during 2010 (2009 nil). All amounts payable to Group undertakings are unsecured and repayable on demand.

9. Called-up share capital

	2010 £	2009 £
Authorised:		
Nil ordinary shares of £100 each (2009 1,000,000 ordinary shares of £100 each)	-	100,000,000
Allotted and fully paid		
379,983 Ordinary shares of £100 each	37,998,300	37,998,300

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 18th January 2010 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.

10. Reserves

	Share premium reserve £	Profit and loss reserve £	Total £
At 1 January 2010	1,757,700	154,127,350	155,885,050
Profit for the financial year	-	2,301,566	2,301,566
At 31 December 2010	1,757,700	156,428,916	158,186,616

Centrica Resources Petroleum UK Limited

Notes to the financial statements for the year ended 31 December 2010 – continued

11 Reconciliation of movements in shareholder's funds

	2010	2009
	£	£
At 1 January	193,883,350	190,643,639
Profit for the financial year	2,301,566	3,239,711
	<hr/>	<hr/>
At 31 December	196,184,916	193,883,350

12. Ultimate parent undertaking

The Company's immediate parent undertaking is Centrica Resources UK 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 Petroleum UK Limited. Copies of the financial statements of Centrica plc may be obtained from www.centrica.com