

Registered Number: 02352390

Centrica Brigg Limited

Annual report and Financial Statements
For the year ended 31 December 2010

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Centrica Brigg Limited

Annual report and Financial Statements for the year ended 31 December 2010

Contents

	Page
Directors' report for the year ended 31 December 2010	1
Independent auditors' report to the members of Centrica Brigg Limited	5
Profit and loss account for the year ended 31 December 2010	6
Balance sheet as at 31 December 2010	7
Notes to financial statements for the year ended 31 December 2010	8

Centrica Brigg Limited

Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of Centrica Brigg Limited ("the Company") for the year ended 31 December 2010

Principal activities

The Company's principal activity during the year was the operation of a 240 MW combined cycle gas turbine power station at Brigg, North Lincolnshire ("Glanford Brigg Power Station")

Business review

During the year the Company continued the operation of Glanford Brigg Power Station. The Company operates under a capacity tolling arrangement with British Gas Trading Limited which is responsible for energy procurement for the Centrica plc group ("the Group")

Trading for the year was in line with directors' expectations

Following a review of the value in use of the power station asset, an impairment charge of £42,219,000 (2009 £nil) was made (note 10)

Future developments

There are no plans to change the nature of activities in the foreseeable future. A similar trading profile to 2010 is expected in the coming year

The Company is reviewing the economic viability of building a new power station on the site adjacent to the existing power station, and has entered into a five-year option agreement (renewable annually) to purchase the land

Principal risks and uncertainties and financial risk management

The principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks and uncertainties of the Group are set out on pages 30-36 of the 2010 annual report and accounts of the Group which does not form part of this report

Key performance indicators

The directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development and performance of the Group, which includes the Company, are discussed on pages 8-9 of the 2010 annual report and accounts of the Group which does not form part of this report

Results and dividends

The results of the Company are set out on page 6

During the year the Company made a loss of £26,197,000, which includes the impairment cost of £42,219,000 (2009 profit of £8,584,000)

No dividends were paid on the ordinary shares for the year ended 31 December 2010 (2009 £nil). 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 7. Shareholders' funds at 31 December 2010 were £29,012,000 (2009 £55,209,000)

Centrica Brigg Limited

Directors' report for the year ended 31 December 2010 (continued)

Directors

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

Graeme Collinson

Sarwjit Sambhi

John Watts

Thomas Hinton (appointed 30 June 2010)

James Spence (resigned 30 June 2010)

There were no contracts of significance during or at the end of the financial year to which the Company or any subsidiary and associated undertakings is a party and in which any director is or was materially interested

Creditor payment policy

It is the Company's policy to pay all of its creditors in accordance with the policies set out below. Special contractual terms apply for gas and electricity supplies. For all other trade creditors, it is the Company's policy to

- 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

Directors' and officers' liability

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

Centrica Brigg Limited

Directors' report for the year ended 31 December 2010 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the directors who held office at the date of approval of this directors' report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the 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 Brigg 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 20 June 2011



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No 02352390

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Brigg Limited

Independent auditors' report to the members of Centrica Brigg Limited

We have audited the financial statements of Centrica Brigg 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 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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
20 June 2011

Centrica Brigg Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	3	18,253	23,503
Cost of sales		(10,634)	(13,795)
Gross profit		7,619	9,708
Administration expenses - including exceptional item		(46,448)	(2,494)
Operating profit before exceptional item		4,630	7,214
Exceptional operating item - impairment	4	(42,219)	-
Exceptional operating item - stock write-down	4	(1,240)	-
Operating (loss) / profit	4	(38,829)	7,214
Interest receivable and similar income	7	863	-
Interest payable and similar charges	8	(23)	(20)
(Loss) / profit on ordinary activities before taxation		(37,989)	7,194
Taxation on (loss) / profit on ordinary activities	9	11,792	1,390
(Loss) / profit for the financial year	17	(26,197)	8,584

The Company has no recognised gains or losses other than the (loss) / profit above, and therefore no separate statement of total recognised gains and losses has been presented

There are no differences between the (loss) / profit on ordinary activities before taxation and the (loss) / profit for the years stated above and their historical cost equivalents

All results relate to continuing operations

The notes on pages 8 to 17 form part of these financial statements

Centrica Brigg Limited

Balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	10	6,678	51,532
Current assets			
Stock	11	2,736	4,276
Debtors	12	57,659	50,359
Cash at bank and in hand		168	65
		<u>60,563</u>	<u>54,700</u>
Creditors – amounts falling due within one year	13	(985)	(2,114)
Net current assets		<u>59,578</u>	<u>52,586</u>
Total assets less current liabilities		66,256	104,118
Creditors – amounts falling due after more than one year	14	(35,578)	(35,578)
Provisions for liabilities	15	(1,666)	(13,331)
Net assets		<u>29,012</u>	<u>55,209</u>
Capital and reserves			
Called up share capital	16	35,310	35,310
Profit and loss account	17	(6,298)	19,899
Total shareholders' funds	18	<u>29,012</u>	<u>55,209</u>

The notes on pages 8 to 17 form part of these financial statements

The financial statements on pages 6 to 17 were approved and authorised for issue by the Board of Directors on 20 June 2011 and were signed on its behalf by


Thomas Hinton
Director

Centrica Brigg Limited

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

1 Statement of accounting policies

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

Turnover

Turnover is recognised on an accruals basis and principally relates to the sale of power generation capacity to a fellow Group undertaking during the year in accordance with the capacity tolling arrangement.

Tangible assets

Tangible assets are stated at historic cost less accumulated depreciation or impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on all fixed assets, other than freehold land and gas turbine components in the course of a major overhaul and assets in the course of construction. Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows for these asset classes:

- Power station assets and decommissioning asset 20 years
- Turbine parts, other plant and machinery 3-6 years

For gas turbine components depreciation is provided to write off the cost of the assets over their operating lives on an equivalent operating hours basis.

Overhaul costs

Contract work involved in replacing gas turbine components is capitalised and depreciated over their expected economic life, typically over the period to the next overhaul. Repairs and other costs that are not of a capital nature are charged directly to the profit and loss account as incurred.

Stocks

Stocks are stated at the lower of cost incurred in bringing each item to its present location and condition and net realisable value. Provision is made where necessary for obsolete, slow-moving and defective stocks. Cost is determined on an average cost basis.

Deferred 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.

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

Centrica Brigg Limited

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

1 Statement of accounting policies (continued)

Deferred taxation (continued)

Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profits will be available against which the unused tax losses can be utilised

Decommissioning provision

Provision is made for the net present value of the estimated cost of decommissioning the power station at the end of its useful life, based on price levels and technology at the balance sheet date

Changes in these estimates and changes to the discount rates are dealt with prospectively. When this provision gives access to future economic benefits, a decommissioning asset is recognised and amortised on a straight-line basis over the useful life of the facility. The unwinding of the discount on the provision is included in the profit and loss account within interest expense.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

EU Emissions Trading Scheme

Granted CO₂ emissions allowances received in a period are initially recognised at nominal value (nil value). A liability is recognised when the level of emissions exceeds the level of allowances granted. As part of the tolling arrangement, the tollee must provide the company with sufficient allowances to meet any shortfall on the settlement date. The liability is measured at the cost of allowances purchased by the tollee, up to the level of purchased allowances physically held and then at the market price of allowances ruling at the balance sheet date. A matching receivable from the tollee is recognised at the same time.

Community Energy Savings Programme

The Community Energy Savings Programme (CESP) requires certain licensed electricity generators to meet a carbon reduction obligation. As part of the tolling agreement, the tollee must perform qualifying carbon reduction actions in order to discharge the CESP obligation. Where a liability exists at balance sheet date (because the qualifying actions have not fully discharged the obligation), the liability is measured at the estimated future cost of discharging the obligation. A matching receivable from the tollee is recognised at the same time.

Centrica Brigg Limited

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

2 Cash flow statements and related party disclosures

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 a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

3 Turnover

All turnover relates to the principal activity of the business and occurs wholly in the United Kingdom.

4 Operating (loss) / profit

	2010 £'000	2009 £'000
Operating (loss) / profit is stated after charging:		
Depreciation of owned tangible fixed assets (note 10)	3,280	4,461
Loss on disposal of fixed assets	-	139
Impairment of tangible fixed assets (note 10)	42,219	-
Exceptional item – stock write-down (note 11)	1,240	-
Operating lease charges – plant and machinery	6	5
Services provided by the Company's auditors:		
Auditors' remuneration statutory audit	8	8

Auditors' remuneration totalling £8,000 (2009 £8,000) relates to fees for the audit of the UK GAAP statutory accounts of Centrica Brigg 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 Brigg Limited.

5 Directors' emoluments

The directors received no emoluments as they are employed by other Centrica group companies (2009 £nil).

All of the directors are members of the ultimate parent company's defined benefit pension scheme.

6 Employee information

The Company has no direct employees (2009 nil). However, costs amounting to £2,864,000 (2009 £3,055,000) were incurred during the year in respect of an average of 38 (2009 33) staff providing services to Centrica Brigg Limited under an employee services agreement with a Centrica group company.

Centrica Brigg Limited

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

7 Interest receivable and similar income

	2010	2009
	£'000	£'000
Interest receivable from Group undertakings	863	-

8 Interest payable and similar charges

	2010	2009
	£'000	£'000
Decommissioning provision notional interest	23	20

Centrica Brigg Limited

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

9 Taxation on (loss) / profit on ordinary activities

	2010 £'000	2009 £'000
(a) Analysis of tax charge in the period		
The tax charge comprises		
Current tax:		
United Kingdom corporation tax at 28%	-	-
Deferred tax:		
Effect of change to deferred tax rate	(19)	-
Origination and reversal of timing differences	(11,795)	(1,390)
Adjustments in respect of prior years	22	-
Total tax on (loss) / profit on ordinary activities	(11,792)	(1,390)

(b) Factors affecting the tax charge 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 (loss) / profit before tax are as follows

	2010 £'000	2009 £'000
(Loss) / profit on ordinary activities before tax	(37,989)	7,194
Tax on (loss) / profit on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	(10,637)	2,014
Effects of		
Depreciation on non-qualifying assets	708	152
Expenses not deductible for tax purposes	291	14
Loss on disposal of tangible assets	-	38
Depreciation in excess of capital allowances	11,769	764
Other permanent differences	(5)	(27)
Timing differences	6	6
Group relief for nil consideration	(1,934)	(2,952)
UK UK transfer pricing adjustments	(198)	(9)
Current tax charge for the year	-	-

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 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. The impact of these changes on the deferred tax balances is not expected to be material.

Centrica Brigg Limited

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

10 Tangible assets

	Power station assets	Turbine components, other plant and machinery	Decommissioning asset	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2010	74,833	11,254	929	87,016
Additions	411	130	104	645
At 31 December 2010	75,244	11,384	1,033	87,661
Accumulated depreciation				
At 1 January 2010	28,094	7,151	239	35,484
Charge for the year	2,574	633	73	3,280
Impairment	42,219	-	-	42,219
At 31 December 2010	72,887	7,784	312	80,983
Net book amount				
At 31 December 2010	2,357	3,600	721	6,678
At 31 December 2009	46,739	4,103	690	51,532

Following a review of the value in use of the power station asset, an impairment charge of £42,219,000 has been made. In arriving at the value in use, a pre-tax discount rate of 7.6% was applied to the future cash flows of the power station.

11 Stock

	2010 £'000	2009 £'000
Consumables	1,017	2,309
Fuel oil	1,719	1,967
	2,736	4,276

Following a review of the value in use of stock, a stock write-down of £1,240,000 has been made (2009: £nil).

Centrica Brigg Limited

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

12 Debtors

	2010 £'000	2009 £'000
Amounts owed by Group undertakings	57,200	49,623
Value Added Tax	65	261
Other debtors	11	24
Prepayments and accrued income	383	451
	57,659	50,359

The amounts receivable from Group undertakings include £56,912,000 (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). The other amounts receivable from Group undertakings are interest-free. All amounts receivable from Group undertakings are unsecured and repayable on demand.

13 Creditors - amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	350	451
Emissions obligation	-	1,271
Community Energy Saving Programme	151	-
Accruals and deferred income	484	392
	985	2,114

14 Creditors - amounts falling due after more than one year

	2010 £'000	2009 £'000
Amounts owed to Group undertakings	35,578	35,578

Amounts owed to Group undertakings are unsecured and interest-free. The Group undertaking concerned has indicated that it will not seek repayment within 12 months of the balance sheet date.

Centrica Brigg Limited

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

15 Provisions for liabilities

	Deferred taxation £'000	Decommissioning provision £'000	Total £'000
At 1 January 2010	12,294	1,037	13,331
Revisions and additions	-	104	104
(Credited) / charged to the profit and loss account	(11,792)	23	(11,769)
As at 31 December 2010	502	1,164	1,666
Deferred taxation			
	As at 1 January 2010 £'000	Profit and loss charge/(credit) £'000	As at 31 December 2010 £'000
Deferred corporation tax			
- accelerated capital allowances	12,392	(11,770)	622
- other timing differences	(98)	(22)	(120)
	12,294	(11,792)	502

Deferred corporation tax provision / (asset) at 27% (2009 28%) is analysed as follows

	Provided This period £'000	Provided Last period £'000	Unprovided This period £'000	Unprovided Last period £'000
Deferred corporation tax				
- accelerated capital allowances	622	12,392	-	-
- other timing differences	(120)	(98)	-	-
	502	12,294	-	-

Centrica Brigg Limited

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

16 Called up share capital

	2010 £'000	2009 £'000
Allotted and fully paid		
35,310,000 ordinary shares of £1 each (2009 35,310,000 ordinary shares of £1 each)	35,310	35,310

17 Profit and loss account

	2010 £'000
At 1 January 2010	19,899
Loss for the financial year	(26,197)
At 31 December 2010	(6,298)

18 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
(Loss) / profit for the financial year	(26,197)	8,584
Opening shareholders' funds	55,209	46,625
Closing shareholders' funds	29,012	55,209

19 Financial commitments

At 31 December the Company had annual commitments under non-cancellable operating leases expiring as follows

	Plant and machinery	
	2010 £'000	2009 £'000
Within one year	-	4
Within two to five years	20	-
After five years	-	-

Centrica Brigg Limited

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

20 Pension commitments

The charge to the profit and loss account represents the amount of contributions payable to defined contribution pension schemes in respect of the accounting period for the employees that are recharged to the Company. Differences between contributions payable and contributions actually paid in the period are shown as either accruals or prepayments in the balance sheet. The total cost recharged to the Company for pension costs under the service level agreement with another Group company was £837,000 (2009 £848,000).

21 Capital and other commitments

Contracted future capital expenditure as at 31 December 2010 was £36,000 (2009 £20,000).

22 Ultimate parent undertaking

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

The Company's ultimate parent undertaking and controlling party is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated financial statements. Copies of the Centrica plc consolidated financial statements may be obtained from www.centrica.com.