Registration number: 02352390

Centrica Brigg Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

Centrica Brigg Limited

Contents

Centrica Brigg Limited

Strategic Report for the Year Ended 31 December 2018

The Directors present their Strategic Report for Centrica Brigg Limited (the 'Company') for the year ended 31 December 2018.

Principal activities
The Company's principal activity during the year was the operation of a 99MW embedded generator supplemented with an offtake agreement with British Gas Trading Limited and the provision of balancing services and capacity market commitments to National Grid.

Review of the business
The Company also undertook a 49MW battery storage construction project in Cumbria. This project has been awarded a 15-year capacity market agreement, commencing in 2020. Construction began at the site in 2017 and the facility became fully operational in December 2018.

It is currently estimated that decomissioning of the 99MW embedded generator will occur in 2021.

UK Capacity Market
The UK capacity market for power was designed to encourage investment in reliable capacity to secure future supplies of electricity for the UK. To achieve this, it offered fixed monthly payments to generators who had won capacity market contracts in the auctions, funded by energy suppliers (in proportion to their share of the UK electricity supply market). On 15th November 2018, the European Court of Justice annulled the European Commission's decision not to raise objections to the state aid scheme establishing a capacity market in the UK. This had the effect of placing the UK capacity market in standstill from the start of the current capacity year (commencing 1st October 2018). No payments, either to generators or from suppliers, can be made under the scheme until a new approval is received from the European Commission confirming that the scheme does not breach state aid regulations. As a result, the Company has not recognised any capacity market generator revenue for the period October - December 2018 because these receipts cannot be deemed virtually certain.

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosures Framework ('FRS 101').

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 41-50 of the Group's Annual Report and Accounts 2018, which does not form part of this report.

Exit from the European Union
The UK referendum vote in June 2016 to leave the European Union has added to the risks and uncertainties faced by the Company. However, it is considered that the direct impact of these uncertainties on the Company is limited in the short-term. Many details of the implementation process continue to remain unclear. Extricating from the European Union treaties is a task of immense complexity but the Company is well-positioned to manage the possible market impacts. There are also potential tax consequences of the withdrawal and these will continue to be reassessed at each reporting date to ensure the tax provisions reflect the most likely outcome following the withdrawal.

Key performance indicators (KPIs)
The Directors of the Group use a number of KPI's to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 18-19 of the Group's Annual Report and Accounts 2018, which does not form part of this report. The results of the Company are disclosed in the Directors' Report on page 3.

Centrica Brigg Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Future developments
The Company has successfully secured a capacity market agreement for the 2020/21 contract year.

The Group continues to implement the results of the 2015 strategic review. This implementation includes a review of how the Group's businesses are structured and may result in future changes to underlying subsidiary business operations including those of the Company.

Approved by the Board on 15 MAY 2019 and signed on its behalf by:

J.ELLIOT

By order of the Board 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

Directors' Report for the Year Ended 31 December 2018

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

Directors of the Company

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Mark Futyan

Mark Taylor (resigned 30 April 2018)

Richard McCord

Results and dividends

The results of the Company are set out on page 8. The profit for the financial year ended 31 December 2018 is £2,594,000 (2017: profit £3,304,000). No dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2017: £nil).

Objectives and policies

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

Exposure in terms of price risk, credit risk, liquidity risk and cash flow risk

Exposure to counterparty credit risk and liquidity risk arises in the normal course of the Company's business. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings.

Future developments

Future developments are discussed in the Strategic Report on pages 1 to 2.

Going concern

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, currently intends to support the Company to ensure it can meet its obligations as they fall due, provided the Company remains a member of the Group. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the financial statements were authorised for issue.

Events after the reporting period

There were no events after the reporting period.

Directors' and officers' liabilities

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

Disclosure of information to the 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 that they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Centrica Brigg Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). 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, including FRS 101, 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 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.

Auditors
In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board on 15 MAY 2019 and signed on its behalf by:

J. ELLIOT

By order of the Board 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

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Centrica Brigg Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company, which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Rerporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditors' Report to the Members of Centrica Brigg Limited (continued)

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditors' Report to the Members of Centrica Brigg Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

D. Winstone

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Daryl Winstone (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 15 May 2019

Centrica Brigg Limited

Income Statement for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Revenue	4	6,766	7,892
Cost of sales	5	(4,074)	(4,599)
Gross profit		2,692	3,293
Operating costs before impairment	5	(1,432)	(746)
Impairment of tangible fixed assets	6	(95)	(756)
Operating costs		(1,527)	(1,502)
Other income	7	3	13
Operating profit		1,168	1,804
Finance income	9	1,813	2,257
Finance cost	9	(27)	(32)
Net finance income		1,786	2,225
Profit before income tax		2,954	4,029
Income tax expense	12	(360)	(725)
Profit for the year		2,594	3,304

The notes on pages 13 to 31 form an integral part of these financial statements.

Centrica Brigg Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018 £ 000	2017 £ 000
Profit for the year	2,594	3,304
Items that may be reclassified subsequently to profit or loss		
Transfers to tangible assets on cash flow hedges	-	(267)
Net (loss)/gain on cash flow hedges	(120)	458
Deferred taxation	87	(33)
Other comprehensive (loss)/income net of taxation	(33)	158
Total comprehensive income for the year	2,561	3,462

The notes on pages 13 to 31 form an integral part of these financial statements.

Centrica Brigg Limited

Statement of Financial Position as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Non-current assets			
Property, plant and equipment	13	32,188	14,041
Deferred tax assets	12	-	160
		32,188	14,201
Current assets			
Trade and other receivables	14	38,737	52,798
Inventories		6	-
Other financial assets	15	-	74
		38,743	52,872
Total assets		70,931	67,073
Current liabilities			
Trade and other payables	16	(39,397)	(38,776)
Other financial liabilities	17	(10)	(10)
Borrowings		-	(5)
		(39,407)	(38,791)
Current (liabilities)/assets		(664)	14,081
Total assets less current liabilities		31,524	28,282
Non-current liabilities			
Deferred tax liabilities		(620)	-
Provisions for other liabilities and charges	18	(2,691)	(2,261)
		(3,311)	(2,261)
Net assets		28,213	26,021
Equity			
Called up share capital	19	35,310	35,310
Other reserves		(132)	270
Retained earnings		(6,965)	(9,559)
Total equity		28,213	26,021

The financial statements on pages 1 to 31 were approved and authorised for issue by the Board of Directors on ..15 MAY 2019.. and signed on its behalf by:

Statement of Financial Position as at 31 December 2018 (continued)

Richard McCord

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Richard McCord

Director

Company number 02352390

Centrica Brigg Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2018	35,310	270	(9,559)	26,021
Profit for the financial year	-	-	2,594	2,594
Other comprehensive income	-	(33)	-	(33)
Total comprehensive income	-	(33)	2,594	2,561
Transfers to assets from cash flow hedging reserve		(369)		(369)
At 31 December 2018	35,310	(132)	(6,965)	28,213

	Called up share capital	Other reserves	Retained earnings	Total equity
	£ 000	£ 000	£ 000	£ 000
At 1 January 2017	35,310	112	(12,863)	22,559
Profit for the year	-	-	3,304	3,304
Other comprehensive income	-	158	-	158
Total comprehensive income	-	158	3,304	3,462
At 31 December 2017	35,310	270	(9,559)	26,021

The notes on pages 13 to 31 form an integral part of these financial statements.

1 General information

Centrica Brigg Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales.

The registered office and principal place of business is:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

2 Accounting policies

Basis of preparation

The Company Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

From 1 January 2018, the following standards and amendments are effective in the Company's Financial Statements. Their first time adoption did not have a material impact on the financial statements:

IFRS 9: 'Financial Instruments'
IFRS 15: 'Revenue from contracts with customers'.

The impact of adoption of these standards and the key changes to the accounting policies are disclosed below.

IFRS 9: 'Financial Instruments'

The Company adopted IFRS 9: 'Financial Instruments' from 1 January 2018. In accordance with the transition provisions in the Standard, comparatives have not been restated.

Classification of financial assets

IFRS 9 requires the use of two criteria to determine the classification of financial assets: the entity's business model for the financial assets and the contractual cash flow characteristics of the financial assets. The Standard goes on to identify three categories of financial assets - amortised cost; fair value through profit or loss (FVTPL); and fair value through other comprehensive income (FVOCI).

2 Accounting policies (continued)

Impairment
IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Company's financial assets and loan commitments. No changes to the impairment provisions were made on transition to IFRS 9 as these are not considered material.

Hedge accounting
The Company has not applied IFRS 9's hedge accounting requirements and continues to account for its hedge relationships in accordance with IAS 39.

IFRS 15: 'Revenue with contracts from customers'
The primary impact of application is the revision of accounting policies to reflect the five-step approach to revenue recognition required by IFRS 15. With the exception of loadbook contract income, all revenue for this Company has been assessed to be within the scope of IFRS15 and this resulted in no changes to amounts previously recognised in the financial statements. Loadbook contract income is recognised under IFRS9 'Financial Instruments'.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

• the requirements of IAS 7 'Statement of Cash Flows';

• the statement of compliance with Adopted IFRSs;

• the effects of new but not yet effective IFRSs;

• prior year reconciliations for property, plant and equipment and intangible assets;

• the prior year reconciliations in the number of shares outstanding at the beginning and at the end of the year for share capital;

• disclosures in respect of related party transactions with wholly-owned subsidiaries in a group;
• disclosures in respect of the compensation of key management personnel; and
• disclosures in respect of capital management.

As the consolidated financial statements of the Group, which are available from its registered office, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

• certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets;

• certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures' have not been provided apart from those which are relevant for the financial instruments which are held at fair value;
• disclosures of the net cash-flows attributable to the operating, investing and financing activities of discontinued operations.

Measurement Convention
The financial statements have been prepared on the historical cost basis except for: derivative financial instruments and the carrying value of recognised assets and liabilities qualifying as hedged items in fair value hedges that have been adjusted from cost by the changes in the fair values attributable to the risks that are being hedged.

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, currently intends to support the Company to ensure it can meet its obligations as they fall due, provided the Company remains a member of the Group. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the financial statements were authorised for issue.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition

The Company adopted IFRS15 'Revenue from contracts with customers' from 1 January 2018. The primary impact of application is the revision of accounting policies to reflect the five step approach to revenue recognition required by IFRS15. With the exception of loadbook contract income, all revenue for the Company has been assessed to be within the scope of IFRS15 and this resulted in no changes to amounts previously recognised in the financial statements. Loadbook income is recognised under IFRS9 'Financial Instruments'.

Revenue comprises the amount of consideration received or receivable for the sales of goods and provision of services in the ordinary course of the Company's activities. It is recognised to the extent that it is probable that the Company will be able to collect consideration it will be entitled to in exchange for goods and/or services. Revenue is recognised over time as the Company either generates electricity or makes available generating capacity and is measured on the basis of power supplied and/or generating capacity made available during the period.

Revenue from ancillary or support services to National Grid such as Black Start and Capacity Market revenue is recognised by reference to completion of each performance obligation which is generally as generating capacity is made available. Triad revenue is recognised by reference to completion of the performance obligation which is to make generating capacity available within each triad period.

Revenue is recognised on an accruals basis and is shown net of sales/value added tax, returns, rebates and discounts.

Finance Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Cost of sales

Cost of sales within the power generation business includes the depreciation of assets included in generating power, fuel purchase costs, direct labour costs and carbon emissions costs.

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 income statement as incurred.

2 Accounting policies (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset or assets. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the Company at the rates prevailing at the reporting date, and associated gains and losses are recognised in the Income Statement for the year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income' or 'finance costs'. All other foreign exchange gains and losses are presented in the Income Statement in the respective financial line item to which they relate.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the Company are translated using the exchange rate prevailing at the dates of the initial transaction and are not retranslated. Non-monetary items measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was measured.

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 substantively enacted by the reporting date. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

Deferred tax is recognised in respect of all temporary differences identified at the reporting date, except to the extent that the deferred tax arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the reporting date.

2 Accounting policies (continued)

EU Emissions Trading Schemes

Purchased carbon dioxide emissions allowances are recognised initially at cost (purchase price) within intangible assets. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at the market price of allowances ruling at the reporting date, with movements in the liability recognised in operating profit.

Forward contracts for the purchase or sale of carbon dioxide emissions allowances are measured at fair value with gains and losses arising from changes in fair value recognised in the Company's income statement. The intangible asset is surrendered and the liability is utilised at the end of the compliance period to reflect the consumption of economic benefits.

Property, plant and equipment ('PP&E')

PP&E is included in the Statement of Financial Position at cost, less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Subsequent expenditure in respect of items of PP&E such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day servicing, repairs and maintenance, is expensed as incurred.

Freehold land is not depreciated. Other PP&E (for which the 'unit of production method' is used), 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.

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

Depreciation of PPE

Depreciation is charged as follows:

Asset classes	**Depreciation method and rate**
Power station assets, battery storage and decommissioning asset	Straight line, up to 20 years
Turbine components, other plant and machinery	Straight line, between 3 and 6 years

The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary changes are accounted for prospectively.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value after allowance for redundant and slow-moving items. Inventories of gas and oil are valued on an average weighted basis, at the lower of cost and net realisable value.

2 **Accounting policies (continued)**

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised in the Income Statement within interest expense.

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

Decommissioning costs
Provision is made for the net present value of the estimated cost of decommissioning power stations at the end of their useful lives, based on price levels and technology at the reporting date.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The unwinding of the discount on the provision is included in the Income Statement within interest expense.

Impairment
The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ('CGU').

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Financial instruments
Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

2 Accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value, which is usually the original invoice amount, and are subsequently held at amortised cost using the effective interest method less an allowance for impairment losses. Changes in the Company's impairment policy as a result of the application of IFRS 9 did not result in any material changes. Balances are written off when recoverability is assessed as being remote. If collection is due in one year or less, receivables are classified as current assets. If not they are presented as non-current assets.

Trade and other payables

Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method. If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Company's Income Statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Loans and other borrowings

All interest-bearing (and interest free) loans and other borrowings with banks or similar institutions and 'intercompany entities' are initially recognised at fair value net of directly attributable transaction costs (if any, in respect of 'intercompany funding'). After initial recognition, these financial instruments are measured at amortised cost using the effective interest method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

2 Accounting policies (continued)

Derivative financial instruments

The Company uses a range of derivatives for both trading and to hedge exposures to financial risks, such as interest rate, foreign exchange and energy price risks, arising in the normal course of business. The use of derivative financial instruments is governed by the Group's policies. Further detail on the Group's risk management policies is included within the Annual Report and Accounts 2018 of the ultimate controlling party being Centrica plc.

The accounting treatment for derivatives is dependent on whether they are entered into for trading or hedging purposes. A derivative instrument is considered to be used for hedging purposes when it alters the risk profile of an underlying exposure of the Company in line with the Company's risk management policies and is in accordance with established guidelines, which require the hedging relationship to be documented at its inception, ensure that the derivative is highly effective in achieving its objective, and require that its effectiveness can be reliably measured. The Company also holds derivatives which are not designated as hedges and are held for trading.

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when both a legal right of set-off exists and the intention to net settle the derivative contracts is present.

The Company enters into certain energy derivative contracts covering periods for which observable market data does not exist. The fair value of such derivatives is estimated by reference in part to published price quotations from active markets, to the extent that such observable market data exists, and in part by using valuation techniques, whose inputs include data which is not based on or derived from observable markets. Where the fair value at initial recognition for such contracts differs from the transaction price, a fair value gain or fair value loss will arise. This is referred to as a day-one gain or day-one loss. Such gains and losses are deferred (not recognised) and amortised to the Income Statement based on volumes purchased or delivered over the contractual period until such time observable market data becomes available. When observable market data becomes available, any remaining deferred day-one gains or losses are recognised within the Income Statement. Recognition of the gains or losses resulting from changes in fair value depends on the purpose for issuing or holding the derivative. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement and are included within gross profit or interest income and interest expense. Gains and losses arising on derivatives entered into for speculative energy trading purposes are presented on a net basis within revenue.

Derivatives are classified as current and non-current assets or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Embedded derivatives: derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains or losses reported in the Income Statement. The closely-related nature of embedded derivatives is reassessed when there is a change in the terms of the contract which significantly modifies the future cash flows under the contract. Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in the Income Statement.

2 Accounting policies (continued)

Hedge accounting
For the purposes of hedge accounting, hedges are classified as either fair value hedges or cash flow hedges.

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the Income Statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged and any gains or losses on re-measurement are recognised immediately in the Income Statement.

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the Income Statement over the remaining life of the hedged item.

Cash flow hedges
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Income Statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the Income Statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss e.g. when interest income or expense is recognised.

For cash flow hedges, other than those covered above, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Income Statement immediately.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimations (which are dealt with seperately below).

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Decommissioning costs

The estimated cost of decommissioning of power stations is reviewed periodically and is based on price levels and technology at the reporting date. Provision is made for the estimated cost of decommissioning at the reporting date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but are currently anticipated to be incurred in 2021 for the existing power station assets and 2038 for the battery storage assets. Details regarding the decommissioning provision can be found in note 18.

Impairment of long-lived assets

The Company has material long-lived assets that are assessed or tested for indicators of impairment at each reporting date in accordance with the Company's accounting policy as disclosed in note 2. The Company makes judgements and estimates in considering whether the carrying amounts of these assets or cash generating units are recoverable. The key operating assumptions are revenues (in particular, future capacity market, energy and reserve prices), gross margin and operating costs. The Company has also assumed that no Capacity Market revenues will be received for the period of the current capacity market year but that they will resume prospectively from 1 October 2019. Further detail regarding these assumptions can be found in note S2 of the Group's Annual Report and Accounts 2018, which does not form part of this report.

During the year an impairment review was carried out that resulted in an impairment charge of £95,000 (2017: £756,000) being recognised in the year.

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2018 £ 000	2017 £ 000
Loadbook contract income	1,543	1,939
Balancing Mechanism revenue	242	1,552
Triad revenue	4,465	4,206
Battery storage revenue	22	0
Capacity market revenue	474	174
Other revenue	20	21
	6,766	7,892

All revenue relates to the principal activity of the business and occurs wholly in the United Kingdom. Revenue falling outside the scope of IFRS 15 in 2018 amounted to £1,543,000 (2017: £1,939,000) and relates to the loadbook contract income. This revenue falls within the scope of IFRS 9 'Financial Instruments'.

4 Revenue (continued)

UK Capacity Market

The UK capacity market for power was designed to encourage investment in reliable capacity to secure future supplies of electricity for the UK. To achieve this, it offered fixed monthly payments to generators who had won capacity market contracts in the auctions, funded by energy suppliers (in proportion to their share of the UK electricity supply market). On 15th November 2018, the European Court of Justice annulled the European Commission's decision not to raise objections to the state aid scheme establishing a capacity market in the UK. This had the effect of placing the UK capacity market in standstill from the start of the current capacity year (commencing 1st October 2018). No payments, either to generators or from suppliers, can be made under the scheme until a new approval is received from the European Commission confirming that the scheme does not breach state aid regulations. As a result, the Company has not recognised any capacity market generator revenue for the period October - December 2018 because these receipts cannot be deemed virtually certain.

5 Analysis of costs by nature

	2018 Cost of sales £ 000	2018 Other operating costs £ 000	2018 Total costs £ 000	2017 Cost of sales £ 000	2017 Other operating costs £ 000	2017 Total costs £ 000
Other cost of sales	3,948	-	3,948	4,599	-	4,599
Depreciation and amortisation expense	126	-	126	-	-	-
Other operating expenses	-	1,432	1,432	-	746	746
Total operating costs by nature	4,074	1,432	5,506	4,599	746	5,345

6 Impairment of tangible fixed assets

The following exceptional items were recognised in arriving at operating profit of the reporting year:

	2018 £ 000	2017 £ 000
Impairment of tangible fixed assets	95	756

During the year an impairment review was carried out to determine whether the carrying amounts of the assets and cash generating units was recoverable. The key operating assumptions used were gross margin, revenues and operating costs. The Company has also assumed that no Capacity Market revenues will be received for the period of the current capacity market year but that they will resume prospectively from 1 October 2019.This resulted in an impairment charge of £95,000 (2017: £756,000) being recognised in the year.

7 Other income

The analysis of the company's other income for the year is as follows:

	2018 £ 000	2017 £ 000
Scrap metal income	3	13

In 2018 the company sold scrap parts for £3,000 (2017: £13,000).

Centrica Brigg Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

8 Employees' costs

The Company has no direct employees (2017: zero). However, payroll costs amounting to £1,143,000 (2017: £1,234,000) were incurred through a recharge during the year in respect of an average of 12 (2017: 9) staff providing services to Centrica Brigg Limited under an employee services agreement with a Group company. Also under this agreement additional pension costs of £181,000 (2017: £133,000) have been incurred from the Group company.

9 Net finance income/cost

Finance income

	2018 £ 000	2017 £ 000
Interest income from amounts owed by Group undertakings	1,813	2,257

Finance cost

	2018 £ 000	2017 £ 000
Unwind of discount on decommissioning provisions	(27)	(32)

10 Directors' remuneration

The Directors were remunerated as employees of Centrica plc Group and did not receive any remuneration, from any source, for their services as Directors of the Company during the current or preceding financial year. Accordingly, no details in respect of their emoluments have therefore been included in these financial statements.

11 Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements provided to the Company.

	2018 £ 000	2017 £ 000
Audit fees	8	8

Auditors' remuneration relates to fees for the audit of the financial statements of the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group financial statements of its ultimate parent, Centrica plc.

12 Income tax

Tax charged in the Income Statement

	2018 £ 000	2017 £ 000
Current tax		
UK corporation tax at 19% (2017: 19.25%)	(507)	342
Deferred tax		
Arising from changes in tax rates and laws	(201)	(51)
Origination and reversal of timing differences	1,068	434
Total deferred tax	867	383
Tax on profit	360	725

The main rate of corporation tax for the year to 31 December 2018 was 19.00% (2017: 19.25%). The corporation tax rate will reduce to 17% with effect from 1 April 2020. The deferred tax assets and liabilities included in these financial statements are based on tax rates having regard to their reversal profiles

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax rate to the profit before tax are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	2,954	4,029
Tax on profit at standard UK corporation tax rate of 19.00% (2017: 19.25%)	561	776
Effects of:		
Increase arising from group relief tax reconciliation	271	322
Decrease from transfer pricing adjustments	(271)	(322)
Deferred tax expense relating to changes in tax rates or laws	(201)	(51)
Total current tax	360	725

12 Income tax (continued)

Deferred tax

The movements in respect of the deferred income tax assets and liabilities that occurred during the financial year are as follows:

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	(169)	(940)	-	(1,109)
Other items	384	73	-	457
Revaluation of cash flow hedges	(55)	-	87	32
Net tax assets/(liabilities)	160	(867)	87	(620)

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	260	(429)	-	(169)
Other items	339	45	-	384
Revaluation of cash flow hedges	(22)	-	(33)	(55)
Net tax assets	577	(384)	(33)	160

Certain deferred tax assets and liabilities have been offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following is an analysis of the gross deferred tax balances and associated offsetting balances for financial reporting purposes:

	2018 Assets £ 000	2018 Liabilities £ 000	2017 Assets £ 000	2017 Liabilities £ 000
Gross deferred tax balances crystallising within one year	-	-	-	(13)
Gross deferred tax balances crystallising after one year	489	(1,109)	385	(212)
Offsetting deferred tax balances	489	(1,109)	385	(225)

13 Property, plant and equipment

	Battery storage assets £ 000	Power station assets £ 000	Turbines, plant and equipment £ 000	Decommissioning asset £ 000	Total £ 000
Cost or valuation					
At 1 January 2018	12,258	60,430	9,070	2,134	83,892
Additions	17,944	-	21	-	17,965
Write ups to decommissioning assets	-	-	-	403	403
At 31 December 2018	30,202	60,430	9,091	2,537	102,260
Accumulated depreciation					
At 1 January 2018	-	58,814	9,070	1,967	69,851
Depreciation charge for the year	126	-	-	-	126
Impairment	-	-	21	74	95
At 31 December 2018	126	58,814	9,091	2,041	70,072
Carrying amount					
At 31 December 2018	30,076	1,616	-	496	32,188
At 31 December 2017	12,258	1,616	-	167	14,041

Impairment

The Company has material long-lived assets that are assessed or tested for indicators of impairment at each reporting date in accordance with the Company's accounting policy as disclosed in note 2. The Company makes judgements and estimates in considering whether the carrying amounts of these assets or cash generating units are recoverable. The key operating assumptions are revenues (in particular, future capacity market, energy and reserve prices), gross margin and operating costs. The Company has also assumed that no Capacity Market revenues will be received for the period of the current capacity market year but that they will resume prospectively from 1 October 2019. Further detail regarding these assumptions can be found in note S2 of the Group's Annual Report and Accounts 2018, which does not form part of this report.

During the year an impairment review was carried out that resulted in an impairment charge of £95,000 (2017: £756,000) being recognised in the year.

14 Trade and other receivables

	2018 £ 000	2017 £ 000
Amounts owed by Group undertakings	38,309	51,427
Prepayments	75	28
Value added tax	60	1,096
Accrued energy income	293	247
	38,737	52,798

The amounts owed by Group undertakings have been presented on a net basis as there is a right of offset against certain amounts. Included within the net amounts owed to by Group undertakings disclosed above is a receivable of £70,756,000 (2017: £51,387,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.72% and 4.13% per annum during 2018 (2017: 3.66% and 3.86%). The non-interest bearing balance comprises a payable of £32,447,000 (2017: receivable of £318,000). All amounts owed by Group undertakings are unsecured and repayable on demand."

Also included within the amounts owed by Group undertakings is a corporation tax payable of £1,305,000 (2017: £356,000).

Included within accrued energy income is £32,000 (2017: £124,000) relating to STOR contracts which are accounted for under IAS17: 'Leases'.

15 Other financial assets

	2018 Current £ 000	2017 Current £ 000
Derivative financial instruments	-	74

16 Trade and other payables

	2018 Current £ 000	2017 Current £ 000
Trade payables	637	810
Accrued expenses and other payables	2,497	2,138
Amounts owed to Group undertakings	36,107	35,757
EU ETS emissions obligation	156	71
	39,397	38,776

All amounts owed from Group undertakings are interest free, unsecured and repayable on demand.

17 Other financial liabilities

	2018 Current £ 000	2017 Current £ 000
Derivative financial instruments	10	10

18 Provisions for other liabilities and charges

	Decommissioning £ 000
At 1 January 2018	2,261
Additions and revisions	403
Accretion of interest	27
At 31 December 2018	2,691

Decommissioning provision
The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but is currently anticipated to be incurred in 2021 for the existing power station assets and 2038 for the battery storage assets. The decommissioning costs represent an independent valuer's (WSP's) best estimate.

19 Capital and reserves

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary Shares of £1 each	35,310,000	35,310,000	35,310,000	35,310,000

Other reserves
Other reserves relates to unrealised gains/losses on cashflow hedges.

20 Commitments and contingencies

Capital commitments
The total amount contracted for but not provided in the financial statements relating to the Battery Storage Construction Project was £2,301,000 (2017: £15,212,000).

Other commitments
The total amount of other commitments not provided in the financial statements was £nil (2017: £nil).

21 Financial instruments at fair value

The Company has entered into forward contracts to economically hedge its foreign exchange exposure on payments made to foreign suppliers required on the battery storage development project. The derivatives fair value are recognised in the financial statements.

Determination of fair values
The Company's policy for the classification and valuation of financial instruments is disclosed in the accounting policies section of these financial statements. The fair value hierarchy levels are determined in accordance with IFRS 13 and are consistent with those used by its ultimate controlling party being Centrica plc. Further information on the matter including valuation techniques to derive Level 2 and Level 3 fair values is provided in its Annual Report and Accounts 2018.

21 Financial instruments at fair value (continued)

Financial instruments carried at fair value

	Fair value and carrying value £ 000	2018 Fair value hierarchy Level 2 £ 000
Financial liabilities at fair value		
Foreign exchange derivatives	(10)	(10)
Total financial instruments at fair value	(10)	(10)

22 Parent and ultimate parent undertaking

The immediate parent undertaking is GB Gas 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 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.

The address of Centrica plc is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD.