

Centrica SHB Limited

Annual report and financial statements
For the year ended 31 December 2008

Registered Number: 2571241

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Centrica SHB Limited

Annual report and financial statements for the year ended 31 December 2008

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Centrica SHB Limited

Directors' report for the year ended 31 December 2008

The directors present their annual report and the audited financial statements of Centrica SHB Limited ("the Company") for the year ended 31 December 2008.

Principal activities

The Company's principal activity during the year was the operation of a combined cycle gas turbine power station at Stallingborough, North Lincolnshire.

Business review

During the year the Company continued the operation of South Humber Bank Power Station. There are no plans to change the nature of activities in the foreseeable future. The Company operates under a capacity tolling arrangement with British Gas Trading Limited who are responsible for energy procurement for the Centrica Group.

Trading was impacted by a high level of outage activity, compounded by a delay in return to service.

Financial results

The results of the Company are set out on page 6.

During the year the Company made a loss on ordinary activities of £36,293,000 (2007: profit of £17,944,000).

Dividends

No dividends were paid or declared on the ordinary shares for the year ended 31 December 2008 (2007: £nil).

Financial position

The financial position of the Company is presented in the balance sheet on page 7. Shareholders' funds at 31 December 2008 were £23,739,000 (2007: £60,032,000).

Principal risks and uncertainties and financial risk management

The principal risks and uncertainties are integrated with the principal risks of the Centrica plc Group ("the Group") and are not managed separately. The principal risks of the Group are set out on pages 31-34 of the annual report and accounts of the Group which does not form part of this report.

The directors of the Group have established objectives and policies for managing financial risks to enable the Group and 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 to counterparty credit risk and liquidity risk arises in the normal course of the Company's business and is managed within parameters set by the directors.

Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Exposure to credit risk is limited predominantly to exposures with other Centrica Group companies or exposure to credit risk arises in the normal course of operations as a result of the potential for a customer defaulting on their payable balance. In the case of business customers credit risk is managed by checking a company's creditworthiness and financial strength both before commencing to trade and during a business relationship. For residential customers, creditworthiness is ascertained normally before commencing to trade by reviewing an appropriate mix of internal and external information. An ageing of receivables is monitored and used to manage the exposure to credit risk.

Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly to ensure there is sufficient financial headroom for at least a 12-month period.

Centrica SHB Limited

Directors' report for the year ended 31 December 2008 (continued)

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 12-13 of the annual report and accounts of Centrica plc which does not form part of this report.

Future developments

There are no plans to change the nature of activities in the foreseeable future. A similar trading profile to 2008 is expected in the coming year.

Directors

The directors who held office during the year and up to the date of signature of this report are given below:

Jonathan Bradley	(resigned 11 March 2008)
Graeme Collinson	(appointed 13 February 2009)
Michael Garstang	(resigned 30 June 2008)
Sarwjit Sambhi	(appointed 11 March 2008)
James Spence	
John Watts	

At no time during the year ended 31 December 2008 did any director have any interests in the shares of the Company or any other company within the Group, except for interests in and options over the shares of the ultimate parent company, Centrica plc.

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.

Post balance sheet events

On 26 March 2009, the Company and its subsidiary company, Humberland Limited, entered into a composite debenture that created security in favour of three Centrica pension funds over all of their assets and undertakings. The composite debenture created a fixed and floating charge over all of the assets of Humberland Limited and the Company (effectively the Humber Power Station), whereby the trustees of the pension funds can, in the event of a defined event of default by Centrica PLC and certain other Centrica group companies, enforce their security, ultimately through taking over the operation of the Humber Power Station and selling it as a going concern. Refer to note 25 for further details.

Political and charitable donations

The Company made charitable donations during the year of £2,867 (2007: £nil). No political donations were made during the year (2007: £nil).

Centrica SHB Limited

Directors' report for the year ended 31 December 2008 (continued)

Related party transactions

The Company has taken advantage of the exemptions within financial reporting standard No. 8 "Related Party Disclosures" from disclosure of transactions with other Centrica Group companies. There have been no other disclosable related party transactions during the year (2007: nil).

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.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Centrica SHB Limited

Directors' report for the year ended 31 December 2008 (continued)

Statement of disclosure of information to auditors

In accordance with Section 234ZA(2), in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 21 May 2009.



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Registered office:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica SHB Limited

Independent auditors' report to the members of Centrica SHB Limited

We have audited the financial statements of Centrica SHB Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Hull

21 May 2009

Centrica SHB Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000 (Restated)
Turnover	3	85,033	139,022
Cost of sales		(57,636)	(54,785)
Gross profit		27,397	84,237
Administration expense		(10,867)	(17,756)
Operating profit	4	16,530	66,481
Interest receivable and similar income	7	39	18,134
Interest payable and similar charges	8	(53,567)	(72,224)
(Loss) / profit on ordinary activities before taxation		(36,998)	12,391
Tax on (loss) / profit on ordinary activities	9	705	5,553
(Loss) / profit for the financial year	19	(36,293)	17,944

The profit and loss account for 2007 has been restated in order to reflect a more appropriate apportionment of costs between cost of sales and administration expense. The effect has been to move £11,188,000 from administration expense to cost of sales in the comparative figures above.

The Company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the loss on ordinary activities before taxation and the retained loss for the year 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.

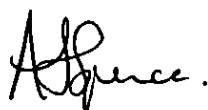
Centrica SHB Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	10	357,010	356,117
Investments	11	-	-
		357,010	356,117
Current assets			
Stock	12	6,952	5,478
Debtors	13	210,964	241,034
Cash at bank and in hand		270	-
		218,186	246,512
Creditors – amounts falling due within one year	14	(30,542)	(12,466)
Net current assets		187,644	234,046
Total assets less current liabilities		544,654	590,163
Creditors – amounts falling due after more than one year	15	(518,717)	(528,237)
Provisions for liabilities and charges	16	(2,198)	(1,894)
Net assets		23,739	60,032
Capital and reserves			
Called-up share capital	18	20,000	20,000
Share premium account	19	8,436	8,436
Profit and loss reserve	19	(4,697)	31,596
Total shareholders' funds	20	23,739	60,032

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

The financial statements on pages 6 to 17 were approved by the board of directors on 21 May 2009 and were signed on its behalf by:



James Spence
Director

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008

1 Statement of accounting policies

These financial statements are prepared on the going concern basis, under historical cost convention and in accordance with the Companies Act 1985 and the applicable accounting standards. 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 fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. 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: 30 years
- 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 are 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.

Finance leases

Assets held under the finance lease arrangements have been capitalised and are included in fixed assets at their fair value at the inception of the lease. The obligations relating to finance leases, net of finance charges in respect of future years, are included as appropriate under creditors due within or after more than one year. The interest element of the lease rental is allocated to accounting years during the lease on an accruals basis. The interest charge is based on the outstanding finance lease creditor.

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.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

Deferred taxation (continued)

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.

Deferred tax losses 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.

Financial instruments

The Company has entered into forward contracts to economically hedge its foreign exchange exposure on milestone payments made to foreign suppliers. Changes in the derivatives' fair value are not recognised, but they are disclosed in note 17.

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 exceed 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.

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 "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 Segmental reporting

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

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

4 Operating profit

	2008 £'000	2007 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets (note 10)	29,172	31,282
Operating lease charges	81	75
Auditors' remuneration:		
Statutory audit	8	6

Auditors' remuneration totalling £8,000 (2007: £8,000) relates to fees for the audit of the UK GAAP statutory accounts of Centrica SHB 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 SHB Limited. Of the auditors' remuneration £nil (2007: £2,000) was borne by Centrica plc. Prior year audit fees have been restated to reflect the inclusion of an element of the Centrica Group fee.

5 Directors' emoluments

The directors received no emoluments as they are employed by other Centrica Group companies (2007: £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 (2007: nil). However, costs amounting to £4,417,000 (2007: £4,605,000) were incurred during the year in respect of an average of 80 (2007: 83) staff providing services to Centrica SHB Limited under an employee services agreement with a Centrica Group company.

7 Interest receivable and similar income

	2008 £'000	2007 £'000
Bank interest receivable	39	225
Interest rate swap fees	-	17,909
	39	18,134

8 Interest payable and similar charges

	2008 £'000	2007 £'000
Decommissioning provision notional interest	36	41
Finance lease costs	53,531	54,274
Interest rate swap fees	-	17,909
	53,567	72,224

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

9 Taxation on (loss) / profit on ordinary activities

	2008 £'000	2007 £'000
(a) Analysis of tax charge in the period		
The tax charge comprises:		
Current tax:		
UK corporation tax at 28.5% (2007: 30%) based on (loss) / profit for the year:	-	-
Adjustments in respect of prior years	-	(3,100)
Total current tax	-	(3,100)
Deferred tax:		
Effect of change to deferred taxation rate	-	112
Origination and reversal of timing differences	(1,028)	(2,565)
Adjustments in respect of prior years	323	-
Total deferred tax	(705)	(2,453)
Total tax on (loss) / profit on ordinary activities	(705)	(5,553)

(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 profit before tax are as follows:

	2008 £'000	2007 £'000
(Loss) / profit on ordinary activities before taxation	(36,998)	12,391
Tax on (loss) / profit on ordinary activities at standard UK corporation tax rate of 28.5% (2007:30%)	(10,544)	3,717
Effects of :		
Depreciation on non-qualifying assets	88	111
Expenses not deductible for tax purposes	26	29
Depreciation in excess of capital allowances	922	2,366
Timing differences	10	12
Group relief for nil consideration	6,149	(10,178)
UK:UK transfer pricing adjustment	3,349	3,943
Adjustments to tax charge in respect of prior periods	-	(3,100)
Current tax charge for the period	-	(3,100)

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Tangible fixed assets

	Power station assets	Turbine components and other plant and equipment	Decommissioning asset	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2008	510,118	83,630	1,780	595,528
Additions	3,089	27,220	268	30,577
Disposals to Group undertakings	-	(864)	-	(864)
At 31 December 2008	513,207	109,986	2,048	625,241
Accumulated depreciation				
At 1 January 2008	186,844	52,382	185	239,411
Charge for the year	15,927	13,154	91	29,172
Disposals to Group undertakings	-	(352)	-	(352)
At 31 December 2008	202,771	65,184	276	268,231
Net book amount				
At 31 December 2008	310,436	44,802	1,772	357,010
At 31 December 2007	323,274	31,248	1,595	356,117

The cost of assets held under finance leases as at 31 December 2008 was £581,599,000 (2007: £581,599,000) with accumulated depreciation of £283,489,000 (2007: £267,609,000).

Assets to the value of £512,000 were sold at book value to Centrica RPS Limited, resulting in a profit on disposal of £nil.

11 Investments

The company owns 100% of the ordinary issued shares of Humberland Limited, a company registered in England and Wales. The principal activity of Humberland Limited is the development of and investment in South Humber Bank Power Station. The cost of investment in the subsidiary undertaking at 31 December 2008 and 31 December 2007 amounted to £100.

Consolidated accounts are not required because Centrica SHB Limited and Humberland Limited have been consolidated in the accounts of Centrica plc, which is a UK-registered company for which accounts are publicly available.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

12 Stock

	2008	2007
	£'000	£'000
Consumables	<u>6,952</u>	<u>5,478</u>

13 Debtors

	2008	2007
	£'000	£'000
Amounts owed by Group fellow undertakings	199,482	224,175
Other debtors	1,183	1,340
Deferred tax	2,276	1,571
Prepayments and accrued income	<u>8,023</u>	<u>13,948</u>
	<u>210,964</u>	<u>241,034</u>

Amounts owed by Group undertakings are unsecured, interest-free and repayable on demand.

Deferred taxation

	As at 1 January 2008	Profit and loss charge / (credit)	As at 31 December 2008
	£'000	£'000	£'000
Deferred corporation tax			
- accelerated capital allowances	(2,005)	(582)	(2,587)
- other timing differences	434	(123)	311
	<u>(1,571)</u>	<u>(705)</u>	<u>(2,276)</u>

The deferred corporation tax provision / (asset) at 28% (2007: 28%) is analysed as follows:

	Provided		Unprovided	
	This period	Last period	This period	Last period
	£'000	£'000	£'000	£'000
Deferred corporation tax				
- accelerated capital allowances	(2,587)	(2,005)	-	-
- other timing differences	311	434	-	-
	<u>(2,276)</u>	<u>(1,571)</u>	<u>-</u>	<u>-</u>

The proposed reduction in the rate of UK corporation tax from 30% to 28% as per the 2007 budget was substantively enacted on 26 June 2007. As a result deferred tax reversing after 1 April 2008 is calculated at the rate of 28%.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

14 Creditors - amounts falling due within one year

	2008	2007
	£'000	£'000
Bank overdraft	-	51
Trade creditors	841	333
Amounts owed to Group undertakings	2,029	2,037
Emission obligation	16,751	-
Accruals and deferred income	1,400	1,579
Obligations under intra-Group finance lease	9,521	8,466
Corporation Tax	-	-
	30,542	12,466

Amounts owed to Group undertakings are unsecured, interest-free and repayable on demand.

15 Creditors - amounts falling due after more than one year

	2008	2007
	£'000	£'000
Obligations under intra-Group finance lease	518,717	528,237
	518,717	528,237

Maturity of financial liabilities	2008	2007
	£'000	£'000
Less than one year	9,521	8,466
Between one and five years	49,111	44,414
Over five years	469,606	483,823
	528,238	536,703

16 Provisions for liabilities and charges

	Decommissioning provision	Total
	£'000	£'000
At 1 January 2008	1,894	1,894
Revisions and additions	268	268
Charged to the profit and loss account	36	36
As at 31 December 2008	2,198	2,198

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

17 Financial instruments

In accordance with Statutory Instrument 04/2947 of the Companies Act 1985, the fair values of the Company's financial instruments are analysed below.

	2008 £'000	2007 £'000
Derivative financial instruments		
Foreign exchange derivatives - assets	5,111	-
	<u>5,111</u>	<u>-</u>

18 Called-up share capital

	2008 £'000	2007 £'000
Authorised		
20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted and fully paid		
20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

19 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 1 January 2008	8,436	31,596	40,032
Loss for the financial year (see note 20)	-	(36,293)	(36,293)
At 31 December 2008	<u>8,436</u>	<u>(4,697)</u>	<u>3,739</u>

20 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
(Loss) / profit for the financial year	(36,293)	17,944
Opening shareholders' funds	60,032	42,088
Closing shareholders' funds	<u>23,739</u>	<u>60,032</u>

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

21 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 £181,000 (2007: £107,000).

22 Financial commitments

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	2008 £'000	2007 £'000
Leases which expire:		
Within one year	-	-
Within two to five years	-	-
After five years	<u>75</u>	<u>9</u>

23 Capital and other commitments

Capital expenditure

Contracted future capital expenditure as at 31 December 2008 was £31,076,000 (2007: £32,917,000).

24 Ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited.

The ultimate parent undertaking and controlling party is Centrica plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Centrica plc consolidated financial statements can be obtained from the company secretary at Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

25 Post balance sheet events

On 26 March 2009, the Company and its subsidiary company, Humberland Limited, entered into a composite debenture, whereby they each created security in favour of three Centrica pension schemes over all of their assets and undertakings. The composite debenture creates a fixed and floating charge over all of the assets of the Company and Humberland Limited (effectively the Humber Power Station), whereby the trustees of the pension funds can, in the event of a defined event of default by Centrica PLC and certain other Centrica group companies, enforce their security, ultimately through taking over the operation of the Humber Power Station and selling it as a going concern. The composite debenture charges the real property which constitutes the Humber Power Station and all its fixtures and fittings, the benefit of certain contractual interests held by the Company and Humberland Limited (such as insurance policies, intra-group company loans and key operational and commercial contracts) and the shares which GB Gas Holdings Limited holds in the Company, and the shares which the Company holds in Humberland Limited.