

Registered Number: 02571241

Centrica SHB Limited

**Annual report and Financial Statements
For the year ended 31 December 2011**

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Centrica SHB Limited

Annual report and Financial Statements for the year ended 31 December 2011

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Centrica SHB Limited

Directors' report for the year ended 31 December 2011

The Directors present their report and the audited financial statements of Centrica SHB Limited ("the Company") for the year ended 31 December 2011

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 ("South Humber Bank Power Station")

Business review

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

Future developments

There are no plans to change the nature of activities in the foreseeable future

Principal risks and uncertainties and financial risk management

The principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks of the Group are set out on pages 36-40 of the 2011 annual report and accounts of the Group which does not form part of this report

Key performance indicators

The Directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development and performance of the Group, which includes the Company, are discussed on pages 12-13 of the 2011 annual report and accounts of the Group which does not form part of this report

Results and dividends

The results of the Company are set out on page 4

During the year the Company made a profit on ordinary activities of £55,618,000 (2010 £44,731,000)

No dividends were paid or declared on the ordinary shares for the year ended 31 December 2011 (2010 £nil). The Directors do not recommend the payment of a final dividend (2010 £nil)

Financial position

The financial position of the Company is presented in the balance sheet on page 5. The shareholders' funds at 31 December 2011 were £89,861,000 (2010 £34,243,000)

Directors

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

Graeme Collinson
Sarwjit Sambhi
John Watts
Thomas Hinton

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

Centrica SHB Limited

Directors' report for the year ended 31 December 2011 (continued)

Directors' and officers' liability

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

Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent 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.

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 27 June 2012.



For and on behalf of Centrica Secretaries Limited

Company Secretary

Company registered in England and Wales No. 02571241

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 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
29 June 2012

Centrica SHB Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover	3	163,265	162,062
Cost of sales		(55,333)	(62,405)
Gross profit		107,932	99,657
Administrative expenses		(10,177)	(9,456)
Other operating income	4	18	11
Operating profit	4	97,773	90,212
Interest receivable and similar income	7	8,601	4,673
Interest payable and similar charges	8	(50,422)	(51,504)
Profit on ordinary activities before taxation		55,952	43,381
Tax on profit on ordinary activities	9	(334)	1,350
Profit for the financial year	20	55,618	44,731

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

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

All results relate to continuing operations

The notes on pages 6 to 16 form part of these financial statements

Centrica SHB Limited

Balance sheet as at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	10	347,387	336,695
Investments	11	-	-
		<u>347,387</u>	<u>336,695</u>
Current assets			
Stocks	12	8,160	7,658
Debtors	13	472,212	385,894
Cash at bank and in hand		150	538
		<u>480,522</u>	<u>394,090</u>
Creditors - amounts falling due within one year	15	(253,945)	(197,972)
Net current assets		<u>226,577</u>	<u>196,118</u>
Total assets less current liabilities		573,964	532,813
Creditors - amounts falling due after more than one year	16	(483,823)	(496,549)
Provisions for liabilities	17	(280)	(2,021)
Net assets		<u>89,861</u>	<u>34,243</u>
Capital and reserves			
Called up share capital	19	20,000	20,000
Share premium account	20	8,436	8,436
Profit and loss account	20	61,425	5,807
Total shareholders' funds	21	<u>89,861</u>	<u>34,243</u>

The notes on pages 6 to 16 form part of these financial statements

The financial statements on pages 4 to 16 were approved and authorised for issue by the Board of Directors on 27 June 2012 and were signed on its behalf by


Thomas Hinton
Director

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011

1. Statement of accounting policies

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

Turnover

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

Tangible assets

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

- Power station assets and decommissioning asset 30 years
- Turbine components, other plant and machinery 3-6 years

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

Overhaul costs

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

Stocks

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

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.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1. Statement of accounting policies (continued)

Deferred taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements

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

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

Decommissioning provision

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

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

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 18

Impairment

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

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

EU Emissions Trading Scheme

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

Community Energy Savings Programme

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

2. Cash flow statements and related party disclosures

The Company is a wholly-owned subsidiary of GB Gas Holdings Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of financial reporting standard 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc Group.

3. Turnover

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

4. Operating profit

	2011 £000	2010 £000
Operating profit is stated after charging / (crediting):		
Depreciation of owned tangible fixed assets (note 10)	16,456	17,012
Depreciation of leased tangible fixed assets (note 10)	15,880	15,880
Other operating income	(18)	(11)
Loss on disposal of fixed assets (note 10)	7	228
Operating lease charges - plant and machinery	118	126
Auditors' remuneration:		
Statutory audit	8	8

Auditors' remuneration totalling £7,600 (2010: £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.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

5. Directors' emoluments

The aggregate emoluments paid to Directors in respect of their qualifying services were £126,697 (2010 £203,458) and the aggregate value of company contributions paid to a pension scheme in respect of Directors' qualifying services were £8,872 (2010 £12,430)

There were 4 Directors (2010 4) to whom retirement benefits are accruing under a defined benefit pension scheme 4 Directors (2010 2) received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme and 1 Director (2010 1) exercised share options relating to the ultimate parent company

In the prior year the highest paid Director received emoluments of £73,118 and the company contributed £3,803 to their pension scheme In the prior year the highest paid Director accrued retirement benefits under a defined benefit pension scheme, the accrued value at the balance sheet date was £25,298 In addition, the highest paid Director received shares in respect of qualifying services under a long-term incentive scheme and exercised share options relating to the ultimate parent company in the prior year

6. Employee information

The Company has no direct employees (2010 nil) However, costs amounting to £4,527,000 (2010 £5,344,000) were incurred during the year in respect of an average of 70 (2010 65) staff providing services to Centrica SHB Limited under an employee services agreement with a Centrica plc group company

7. Interest receivable and similar income

	2011 £000	2010 £000
Other interest receivable	45	-
Interest receivable from Group undertakings	8,556	4,673
	<u>8,601</u>	<u>4,673</u>

8. Interest payable and similar charges

	2011 £000	2010 £000
Decommissioning provision notional interest	4	34
Other interest payable	61	-
Interest payable to Group undertakings	50,357	51,470
	<u>50,422</u>	<u>51,504</u>

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9. Tax on profit on ordinary activities

	2011 £000	2010 £000
(a) Analysis of tax charge in the period		
The tax charge comprises		
Current tax:		
UK corporation tax at 26.5% (2010: 28%)	-	-
Adjustments in respect of prior years	(367)	-
Deferred tax:		
Effect of change to deferred tax rate	87	61
Origination and reversal of timing differences	608	(1,411)
Adjustments in respect of prior years	6	-
Tax on profit on ordinary activities	334	(1,350)

(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 is as follows

	2011 £000	2010 £000
Profit on ordinary activities before taxation	55,952	43,381
Tax on profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	14,827	12,147
Effects of		
Depreciation on non-qualifying assets	2	1
Expenses not deductible for tax purposes	-	8
Depreciation in excess of capital allowances	(490)	1,379
Timing differences	(118)	32
Group relief for nil consideration	(13,058)	(12,807)
UK UK transfer pricing adjustment	(1,163)	(760)
Adjustment to tax charge in respect of prior years	(367)	-
Current tax charge for the period	(367)	-

A number of changes to the UK corporation tax system were announced in the March 2011 and the March 2012 Budget Statements. The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. Beyond the reduction to 25%, the changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements. The impact of these proposed further reductions on the deferred tax balances is not expected to be material.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

10. Tangible assets

	Power station assets £000	Turbine components and other plant and machinery £000	Decommissioning asset £000	Total £000
Cost or valuation				
At 1 January 2011	522,382	135,907	1,805	660,094
Additions	1,705	44,605	-	46,310
Reclass	118	(118)	-	-
Disposals	(7,328)	(3,150)	-	(10,478)
Disposals to Group undertakings	-	(3,865)	-	(3,865)
Revision of abandonment estimate	-	-	(1,822)	(1,822)
As at 31 December 2011	516,877	173,379	(17)	690,239
Accumulated depreciation				
At 1 January 2011	240,329	82,638	432	323,399
Charge for the year	19,107	13,678	(449)	32,336
Reclass	267	(267)	-	-
Disposals	(7,328)	(3,143)	-	(10,471)
Disposals to Group undertakings	-	(2,412)	-	(2,412)
As at 31 December 2011	252,375	90,494	(17)	342,852
Net book amount:				
As at 31 December 2011	264,502	82,885	-	347,387
As at 31 December 2010	282,053	53,269	1,373	336,695

The cost of assets held under finance leases as at 31 December 2011 was £581,599,000 (2010 £581,599,000) with accumulated depreciation of £331,128,000 (2010 £315,248,000)

During the current year assets with a net book value of £1,453,000 were sold at book value to Centrica KPS Limited resulting in a profit on disposal of £nil

During the current year assets with a net book value of £7,000 were written off as they had no further economic life, resulting in a loss on disposal of £7,000

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

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 the South Humber Bank Power Station. The cost of investment in the subsidiary undertaking at 31 December 2011 and 31 December 2010 amounted to £100.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

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.

12. Stocks

	2011 £000	2010 £000
Strategic spares and consumables	<u>8,160</u>	<u>7,658</u>

13. Debtors

	2011 £000	2010 £000
Amounts owed by Group undertakings	465,547	366,578
Value Added Tax	608	291
Other debtors	395	294
Deferred tax (note 14)	943	1,644
Prepayments and accrued income	<u>4,719</u>	<u>17,087</u>
	<u>472,212</u>	<u>385,894</u>

The amounts receivable from Group undertakings include £456,098,000 (2010: £342,398,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.71% and 2.71% per annum during 2011 (2010: 1.32% and 2.11%). The other amounts payable to Group undertakings are interest-free. All amounts payable to and receivable from Group undertakings are unsecured and repayable on demand.

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

14. Deferred taxation

	As at 1 January 2011 £000	Profit and loss charge / (credit) £000	As at 31 December 2011 £000
Deferred corporation tax			
- accelerated capital allowances	1,758	(643)	1,115
- other timing differences	(114)	(58)	(172)
	<u>1,644</u>	<u>(701)</u>	<u>943</u>

The deferred corporation tax provision / (asset) at 25% (2010 27%) is analysed as follows

	Provided		Unprovided	
	This period £000	Last period £000	This period £000	Last period £000
Deferred corporation tax				
- accelerated capital allowances	1,115	1,758	-	-
- other timing differences	(172)	(114)	-	-
	<u>943</u>	<u>1,644</u>	<u>-</u>	<u>-</u>

15. Creditors – amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	958	458
Amounts owed to Group undertakings	237,544	174,688
Emissions obligation	242	8,505
Community Energy Savings Programme	1,924	1,678
Accruals and deferred income	552	1,002
Obligations under intra-Group finance lease (note 16)	<u>12,725</u>	<u>11,641</u>
	<u>253,945</u>	<u>197,972</u>

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

The Group undertaking concerned has indicated that it will not seek repayment within 12 months of the balance sheet date

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

16. Creditors – amounts falling due after more than one year

	2011 £000	2010 £000
Obligations under intra-Group finance lease	<u>483,823</u>	<u>496,549</u>
Maturity of finance lease liabilities		
	2011 £000	2010 £000
Less than one year (note 15)	12,725	11,641
Between one and five years	66,423	60,051
Over five years	<u>417,400</u>	<u>436,498</u>
	<u>496,548</u>	<u>508,190</u>

The finance lease obligations represent amounts owing to Humberland Limited, the Company's subsidiary undertaking

17. Provisions for liabilities

	Decommissioning provision £000	Other provision £000	Total £000
As at 1 January 2011	2,021	-	2,021
Revisions and additions	(1,821)	-	(1,821)
Charged to the profit and loss account	4	76	80
As at 31 December 2011	<u>204</u>	<u>76</u>	<u>280</u>

18. Financial instruments

In accordance with Statutory Instrument 2008/410 of the Companies Act 2006, the fair values of the Company's financial instruments are analysed below

	2011 £000	2010 £000
Derivative financial instruments		
Foreign exchange derivatives - liabilities	<u>(54)</u>	<u>(387)</u>

19. Called up share capital

	2011 £000	2010 £000
Allotted and fully paid:		
20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

20. Reserves

	Share premium account £000	Profit and loss account £000	Total £000
As at 1 January 2011	8,436	5,807	14,243
Profit for the financial year	-	55,618	55,618
At 31 December 2011	8,436	61,425	69,861

21. Reconciliation of movement in shareholders' funds

	2011 £000	2010 £000
Profit for the financial year	55,618	44,731
Opening shareholders' funds / (deficit)	34,243	(10,488)
Closing shareholders' funds	89,861	34,243

22. 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 £828,000 (2010: £1,402,000).

23. Financial commitments

At 31 December 2011, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	2011 £000	2010 £000
Plant and machinery		
Leases which expire		
Within one year	2	-
Within two to five years	-	9
After five years	116	116

24. Capital and other commitments

Contracted future capital expenditure as at 31 December 2011 was £23,044,000 (2010: £41,682,000).

Centrica SHB Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

25. Composite debenture

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.

26. Ultimate parent undertaking

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

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