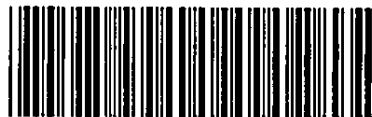


Accord Energy (Trading) Limited

**Annual report and Financial Statements
For the year ended 31 December 2008**

Registered Number: 02877397

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Accord Energy (Trading) Limited

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Accord Energy (Trading) Limited

Directors' report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of Accord Energy (Trading) Limited ("the Company") for the year ended 31 December 2008.

Principal activities

The principal activity of the Company is the provision of agency and arranging services to Accord Energy Limited for transactions in gas, electricity and related products including financially-settled instruments.

Review of business and future developments

Both the level of business during the year and the financial position of the Company at the year-end were in line with expectations and the Directors believe that the present level of activity will be sustained in 2009. The Directors expect the Company to continue to provide agency and arranging services to Accord Energy Limited for the foreseeable future.

Results and dividends

The profit on ordinary activities after taxation for the year ended 31 December 2008 is £1,678,000 (2007: £1,113,000). The Directors do not recommend the payment of a final dividend (2007: £nil).

Principal risks and uncertainties

The principal risk and uncertainty affecting the business and the execution of the Company strategy is that of non-compliance with the Financial Services Authority regulatory requirements. Compliance is managed by a dedicated regulatory compliance team.

Key performance indicators ("KPIs")

The Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business.

Directors

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

Mr J A Beddoes
Mr A D Le Poidevin
Mr I Wood
Mr N Alcock (appointed 24 June 2008)
Mr V M Hanafin (appointed 31 July 2008)
Mr P M Dobson (resigned 24 June 2008)
Mr J S Ulrich (resigned 31 July 2008)

Political and charitable donations

The Company made no political or charitable donations during the year (2007: £nil).

Directors' and officers' liability

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

Accord Energy (Trading) Limited

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

Risk management

The Company's operations expose it to a number of financial risks. Given the size and nature of the Company these risks are managed by the finance department in accordance with Group guidelines set by Centrica plc. The principal financial risk facing the Company is credit risk, which arises on intercompany balances and its bank deposits. Bank deposits are only held with financial institutions which have been approved by Centrica plc.

Statement of Directors' responsibilities

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;
- 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.

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.

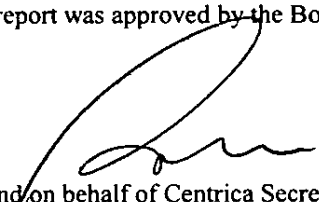
Auditors

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.

Accord Energy (Trading) Limited

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

This report was approved by the Board on 7 April 2009.



For and on behalf of Centrica Secretaries Limited
Company Secretary
7 April 2009

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Accord Energy (Trading) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCORD ENERGY (TRADING) LIMITED

We have audited the financial statements of Accord Energy (Trading) 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 other 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 profit 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
London

7 April 2009

Accord Energy (Trading) Limited

Profit and Loss Account

For the year ended 31 December 2008

	Note	Year ended 31 Dec 2008 £'000	Year ended 31 Dec 2007 £'000
Turnover	1	17,858	12,247
Cost of sales	1	<u>(16,235)</u>	<u>(11,134)</u>
Profit on ordinary activities before interest and taxation		1,623	1,113
Interest receivable and similar income		<u>55</u>	<u>-</u>
Profit on ordinary activities before taxation		1,678	1,113
Tax on profit on ordinary activities	3	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation for the financial year		<u>1,678</u>	<u>1,113</u>
Retained profit transferred to reserves	7	<u>1,678</u>	<u>1,113</u>

All gains for the year have been derived from continuing operations.

There were no recognised gains or losses for the financial year other than as stated above.

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

The related notes on pages 7 to 9 form part of these financial statements.

Accord Energy (Trading) Limited

Balance Sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Current assets			
Debtors (amounts falling due within one year)	4	-	197
Cash at bank and in hand		4,787	2,887
		<u>4,787</u>	<u>3,084</u>
Creditors (amounts falling due within one year)	5	(25)	-
Net current assets		<u>4,762</u>	<u>3,084</u>
Total assets less current liabilities		<u>4,762</u>	<u>3,084</u>
Net assets		<u>4,762</u>	<u>3,084</u>
Capital and reserves			
Called up share capital	6	850	850
Profit and loss account	7	3,912	2,234
		<u>4,762</u>	<u>3,084</u>
Shareholders' funds	8	<u>4,762</u>	<u>3,084</u>

The financial statements were approved and authorised for issue by the Board of Directors on 7 April 2009 and were signed on its behalf by:



Ian Wood
Director

The related notes on pages 7 to 9 form part of these financial statements.

Accord Energy (Trading) Limited

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

1 Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), all of which have been consistently applied. The principal accounting policies are set out below.

Exemptions

As the Company's voting rights are controlled by Centrica plc (the ultimate parent company), and the Company's shares are not quoted on a recognised public exchange, the Company has taken advantage of the exemptions within:

- (a) Financial Reporting Standard 1 'Cash flow statements' from presenting a cash flow statement;
- (b) Financial Reporting Standard 8 'Related party disclosures' from disclosure of transactions with Centrica plc or other companies in the Centrica Group.

Turnover

Turnover, which excludes value added tax, represents the value of amounts charged to Accord Energy Limited for services provided, which represents a mark up of 10% on costs incurred. All of the turnover arises in the United Kingdom.

Cost of sales

Cost of sales relate to costs borne by Accord Energy Limited in relation to regulated activities. These costs are then recharged to the Company. Costs recharged to the Company contain employee costs for individuals who are employed by Accord Energy Limited. Details of recharged employee costs are included in note 2. The Company has no employees (2007: nil).

Auditor's remuneration of £13,000 (2007: £9,500) is borne by the immediate parent, Accord Energy Limited, and is not recharged.

Debtors and creditors

The intercompany balances between the Company and Accord Energy Limited are disclosed on a net basis as the intercompany debtor and creditor amounts are settled net in practice and there is a service level agreement in place that states that the amounts shall be settled net.

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 stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Accord Energy (Trading) Limited

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

2 Directors' and employee information

The Company has no employees. Costs attributed to employees seconded to the Company under the terms of the service level agreement with Accord Energy Limited are £4,548,000 (2007: £3,062,000) and are included within a management charge. The remuneration of those employees is included within the financial statements of Accord Energy Limited.

None of the Directors received any remuneration for his services to the Company during the year.

3 Taxation on profit on ordinary activities

	2008 £'000	2007 £'000
(a) Analysis of tax charge in the year		
The tax charge comprises:		
Current tax:		
United Kingdom corporation tax at 28.5% (2007: 30%)	-	-
Total current tax	-	-

(b) Factors affecting the tax charge for the year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to profit before tax is as follows:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	1,678	1,113
Tax on profit on ordinary activities at standard UK corporation tax rate of 28.5% (2007: 30%)	478	334
Effects of:		
Group relief received for nil consideration	(474)	(331)
UK:UK transfer pricing adjustment	(4)	(3)
Tax charge for the year	-	-

4 Debtors (amounts falling due within one year)

	2008 £'000	2007 £'000
Amounts owed by group undertakings	-	197
	-	197

5 Creditors (amounts falling due within one year)

	2008 £'000	2007 £'000
Amounts owed to group undertakings	25	-
	25	-

Accord Energy (Trading) Limited

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

6 Called up share capital

	2008 £'000	2007 £'000
Authorised share capital		
850,000 ordinary shares of £1 each	<u>850</u>	<u>850</u>
Allotted and fully paid share capital		
850,000 ordinary shares of £1 each	<u>850</u>	<u>850</u>

7 Reserves

	2008 £'000	2007 £'000
Profit and loss account		
As at 1 January	2,234	1,121
Retained profit for the financial year	<u>1,678</u>	<u>1,113</u>
As at 31 December	<u>3,912</u>	<u>2,234</u>

8 Movements in shareholders' funds

	2008 £'000	2007 £'000
Profit on ordinary activities after taxation for the year	1,678	1,113
Shareholders' funds as at 1 January	<u>3,084</u>	<u>1,971</u>
Shareholders' funds as at 31 December	<u>4,762</u>	<u>3,084</u>

9 Ultimate parent company

Accord Energy Limited, a company registered in England and Wales, is the immediate parent company. Centrica plc, a company registered in England and Wales, is the ultimate parent company and the only company to consolidate the financial statements of Accord Energy (Trading) Limited. Copies of the Annual Report and Accounts of Centrica plc may be obtained from www.centrica.com.

