

Registered Number. 02877397

**Centrica Energy (Trading) Limited
(formerly known as Accord Energy (Trading) Limited)**

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



Centrica Energy (Trading) Limited
(formerly known as Accord Energy (Trading) Limited)

	Page
Directors' report for the year ended 31 December 2010	1
Independent auditors' report	4
Profit and loss account for the year ended 31 December 2010	5
Balance sheet as at 31 December 2010	6
Notes to the financial statements for the year ended 31 December 2010	7

Centrica Energy (Trading) Limited **(formerly known as Accord Energy (Trading) Limited)**

Directors' report for the year ended 31 December 2010

The Directors present their report and the audited financial statements of Centrica Energy (Trading) Limited (formerly known as Accord Energy (Trading) Limited) ("the Company") for the year ended 31 December 2010

Principal activities

The principal activity of the Company is the provision of agency and arranging services to Centrica Energy Limited (formerly known as Accord Energy Limited) for transactions in physical energy products and energy related derivatives

Business review

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 2011

From the perspective of the Company, 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.

The Directors of Centrica plc (the 'Group'), the Company's ultimate parent undertaking, use a number of key performance indicators to monitor progress against the Group's strategy. The development, performance and position of the business which includes the Company, are discussed on pages 8-9 of the Annual Report and Accounts 2010 of the Group which does not form part of this report.

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A Special Resolution was passed by the Company's sole member on 29 January 2010 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

Future developments

The Directors expect the Company to continue to provide agency and arranging services to Centrica Energy Limited (formerly Accord Energy Limited) for the foreseeable future.

Financial 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.

Results and dividends

The results of the Company are set out on page 5.

The profit on ordinary activities after taxation for the year ended 31 December 2010 is £1,495,000 (2009 £2,085,000).

No dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2009 £nil).

Financial position

The financial position of the Company is presented in the balance sheet on page 6. Shareholder funds at 31 December 2010 were £8,342,000 (2009 £6,847,000), comprising net current assets of £8,342,000 (2009 £6,847,000).

Centrica Energy (Trading) Limited **(formerly known as Accord Energy (Trading) Limited)**

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

Directors

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

Mr V M Hanafin

Mr A D Le Poidevin

Mr A Netemeyer (appointed 18 November 2010)

Mr C J Stern (appointed 21 February 2011)

Mr I Wood (resigned 18 November 2010)

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.

Post balance sheet events

On 1 February 2011, the Company changed its name from Accord Energy (Trading) Limited to Centrica Energy (Trading) Limited. There is no financial effect of this change.

Creditor payment policy

It is the Company's policy to pay all of its creditors in accordance with the policies set out below.

- (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.

The number of days' purchases outstanding as at 31 December 2010 was 7 days (2009 nil days).

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 value of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

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

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

Centrica Energy (Trading) Limited
(formerly known as Accord Energy (Trading) Limited)

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

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 21 April 2011



For and on behalf of Centrica Secretaries Limited
Company Secretary

21 April 2011

Company registered in England and Wales No 02877397

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Energy (Trading) Limited **(formerly known as Accord Energy (Trading) Limited)**

Independent auditors' report to the members of Centrica Energy (Trading) Limited (formerly known as Accord Energy (Trading) Limited)

We have audited the financial statements of Centrica Energy (Trading) Limited (formerly known as Accord Energy (Trading) Limited) for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its 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.

John Martland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 April 2011

Centrica Energy (Trading) Limited
(formerly known as Accord Energy (Trading) Limited)

Profit and Loss Account for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Turnover	1	16,337	22,831
Cost of sales	1	<u>(14,852)</u>	<u>(20,755)</u>
Profit on ordinary activities before interest and taxation		1,485	2,076
Interest receivable and similar income		<u>10</u>	<u>9</u>
Profit on ordinary activities before taxation		1,495	2,085
Tax on profit on ordinary activities	3	<u>-</u>	<u>-</u>
Profit for the financial year		<u>1,495</u>	<u>2,085</u>
Retained profit transferred to reserves	7	<u>1,495</u>	<u>2,085</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 10 form part of these financial statements

Centrica Energy (Trading) Limited
(formerly known as Accord Energy (Trading) Limited)

Balance Sheet as at 31 December 2010

		2010	2009
		£'000	£'000
Current assets	Note		
Debtors (amounts falling due within one year)		-	223
Cash at bank and in hand	4	8,609	6,624
		<u>8,609</u>	<u>6,847</u>
Creditors (amounts falling due within one year)	5	(267)	-
Net current assets		<u>8,342</u>	<u>6,847</u>
Total assets less current liabilities		<u>8,342</u>	<u>6,847</u>
Net assets		<u>8,342</u>	<u>6,847</u>
Capital and reserves			
Called up share capital	6	850	850
Profit and loss reserve	7	7,492	5,997
		<u>8,342</u>	<u>6,847</u>
Total shareholders' funds	8	<u>8,342</u>	<u>6,847</u>

The financial statements were approved and authorised for issue by the Board of Directors on 21 April 2011 and were signed on its behalf by



Andrew Le Poidevin
Director

The related notes on pages 7 to 10 form part of these financial statements

Centrica Energy (Trading) Limited **(formerly known as Accord Energy (Trading) Limited)**

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

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 2006 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

The company is a wholly-owned subsidiary of Centrica Plc 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 FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related-party transactions with entities that are part of the Centrica Plc group.

Turnover

Turnover, which excludes value added tax, represents the value of amounts charged to Centrica Energy Limited (formerly known as 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 Centrica Energy Limited (formerly known as 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 Centrica Energy limited (formerly known as Accord Energy Limited). Details of recharged employee costs are included in note 2. The Company has no employees (2009: nil).

Auditor's remuneration of £11,000 (2009: £13,000) is borne by the immediate parent, Centrica Energy Limited (formerly known as Accord Energy Limited), and is not recharged.

Debtors and creditors

The intercompany balances between the Company and Centrica Energy Limited (formerly known as 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.

Centrica Energy (Trading) Limited
(formerly known as Accord Energy (Trading) Limited)

Notes to the financial statements for the year ended 31 December 2010
(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 Centrica Energy Limited (formerly known as Accord Energy Limited) are £3,356,000 (2009: £4,932,000) and are included within a management charge. The remuneration of those employees is included within the financial statements of Centrica Energy Limited (formerly known as Accord Energy Limited).

None of the Directors received any remuneration for his services to the Company during the year (2009: £nil).

3 Taxation on profit on ordinary activities

	2010 £'000	2009 £'000
(a) Analysis of tax charge in the year		
The tax charge comprises		
Current tax:		
United Kingdom corporation tax at 28% (2009: 28.5%)	-	-
Total current tax	<u>-</u>	<u>-</u>

(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 the profit before tax is as follows:

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	1,495	2,085
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009: 28%)	419	584
Effects of		
Group relief received for nil consideration	(416)	(580)
UK-UK transfer pricing adjustment	(3)	(4)
Tax charge for the year	<u>-</u>	<u>-</u>

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. An initial reduction of 1% to 27% effective from 1 April 2011 was enacted by Finance (No 2) Act 2010 and is therefore taken into account in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 is expected to be enacted by Finance Act 2011. Beyond the reduction to 27%, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of these changes does not impact the financial statements.

Centrica Energy (Trading) Limited
(formerly known as Accord Energy (Trading) Limited)

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

4 Debtors (amounts falling due within one year)

	2010 £'000	2009 £'000
Amounts owed by group undertakings	-	223
	-	223

Amounts owed by group undertakings are unsecured, have a fixed date of payment and are not interest bearing

5 Creditors (amounts falling due within one year)

	2010 £'000	2009 £'000
Amounts due to group undertakings	(267)	-
	(267)	-

Amounts due to group undertakings are unsecured, have a fixed date of repayment and are not interest bearing

6 Called up share capital

	2010 £'000	2009 £'000
Authorised share capital		
850,000 ordinary shares of £1 each	-	850
	-	850
Allotted and fully paid share capital		
850,000 ordinary shares of £1 each	850	850
	850	850

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A Special Resolution was passed by the Company's sole member on 29 January 2010 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

7 Reserves

	2010 £'000	2009 £'000
Profit and loss reserve		
As at 1 January	5,997	3,912
Profit for the financial year	1,495	2,085
As at 31 December	7,492	5,997

Centrica Energy (Trading) Limited
(formerly known as Accord Energy (Trading) Limited)

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

8 Reconciliation of movements in shareholders' funds

	2010	2009
	£'000	£'000
Profit for the financial year	1,495	2,085
Shareholders' funds as at 1 January	6,847	4,762
Shareholders' funds as at 31 December	<u>8,342</u>	<u>6,847</u>

9 Ultimate parent undertaking

The Company's immediate parent undertaking is Centrica Energy Limited (formerly known as Accord Energy 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 statement. Copies of the Centrica plc consolidated financial statements can be obtained from www.centrica.com