Electricity Direct (UK) Limited

Report
for the Year ended 31 December 2003

Registered number : 03174056

Directors' report

The directors present their report and audited financial statements of Electricity Direct (UK) Limited (the "Company") for the year ended 31 December 2003. The accounting date was changed from 31 March to 31 December in 2002 and therefore the accounts for the comparative period are for the nine months ended 31 December 2002.

Principal activities

The Company's principal activity is that of electricity supply.

Business review, financial results and future developments

The Company's profit for the financial year was £16,698,000 (nine months ended 31 December 2002: loss £52,853,000).

The transfer of the activities of the Company into the commercial segment of British Gas Trading Limited commenced during the financial year and some of the company's costs are now borne by British Gas Trading Limited. The transfer is due to be completed in 2005.

Dividends

No dividends have been paid or proposed (nine months ended 31 December 2002: £nil).

Directors

The following served as directors throughout the year:

	Appointed	Resigned
Mike Alexander		28 February 2003
Simon Paul		4 February 2003
William Bullen		2 July 2004
Chris Weston		
Nick Dunn	26 July 2004	
Peter Fisher	26 July 2004	

On 2nd July 2004 William Bullen resigned as a director and on 26th July 2004 Nick Dunn and Peter Fisher were appointed as additional directors.

At no time during the year ended 31 December 2003, did any director have any interests in the shares of the Company or any other company within the Centrica group, except for interests in, and options over, the shares and interests of the ultimate parent company, Centrica plc, as set out below:

Directors' interests

Details of the interest in shares of Centrica plc, and options over shares, of William Bullen and Chris Weston at the year end were as follows:

Beneficial interest in ordinary shares

	As at 31 Dec 2003	As at 31 Dec 2002
William Bullen	-	-
Chris Weston	928	74

The above figures include shares appropriated under the terms of the Centrica profit share scheme, and shares held under the terms of the Centrica Share Incentive Plan.

Directors' report (continued)

Centrica Sharesave scheme

	As at 31 Dec 2003	Exercised during year	Granted during year	Lapsed during year	As at 31 Dec 2002
William Bullen	-	-	-	-	-
Chris Weston	8,823	-	8,823	(5,349)	5,349

Options were granted under the terms of the scheme in June 2003 at an option price of 107.1 pence per share.

Long term incentive scheme

	As at 31 Dec 2003	Exercised during year	Granted during year	As at 31 Dec 2002
William Bullen	-	-	-	-
Chris Weston	180,219	-	81,383	98,836

Total allocations as at 31 December 2003 shown above include allocations of shares that are subject to performance conditions and allocations of shares that have reached the conclusion of the relevant three-year performance period but are subject to a two-year retention period.

A conditional allocation of shares was made under the terms of the scheme on 1 April 2003 at a base price of 179.4 pence per share respectively.

Executive share option scheme

	As at 31 Dec 2003	Exercised during year	Granted during year	As at 31 Dec 2002
William Bullen	-	-	-	-
Chris Weston	253,566	-	153,478	100,088

Under the terms of the scheme a further grant of options was made on 24 March 2003 at an option price of 146.6 pence per share respectively.

Options were granted under the terms of the ultimate parent company's Sharesave scheme, Executive Share Option scheme and Restructured Share Option scheme, and allocations made under the terms of the Long-term Incentive scheme. Details of these schemes, the Share Incentive Plan and Profit Sharing scheme, can be found in the 2003 accounts of Centrica plc, copies of which can be obtained from the Secretariat Department of Centrica plc or from www.centrica.com.

The middle market price of a Centrica plc ordinary share on the last day of trading of 2003 (31 December) was 211 pence. The range during the year was 212.75 pence (high) and 131.5 pence (low).

There were no contracts of significance during or at the end of the financial year to which the Company or any of its subsidiaries and associated undertakings is a party and in which any Director is or was materially interested.

Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Transactions" (FRS8) from disclosure of transactions with other Centrica group companies. See note 16 for a description of other related party transactions.

Directors' report (continued)

Creditor payment policy

The Company aims to pay all creditors promptly. Special contractual terms apply for electricity supplies. For all other creditors it is Company policy to:

- agree terms of payment in advance with the supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with contractual and other legal obligations.

The number of days purchases outstanding as at 31 December 2003 is calculated at 8 (2002: 5).

Employment policies

The Company is committed to pursuing equality and diversity in all its employment activities with particular emphasis on recruitment and selection, training and development, appraisal and promotion. By supporting and encouraging the diversity of its employees, the Company aims to increase employee motivation and provide better services to its customer base and the community at large. This approach is reflected in its employee policies and procedures where it is proud to offer a wide range of benefits.

The Company continues to support the Government's New Deal for people with disabilities, the aim of which is to recruit unemployed disabled people and carers into the Company's operations. It complies with national gender pay policies and is committed to implementing them through a programme of equal pay audits.

Employee communication

The Company is committed to communicating with its employees through face to face briefings, electronic media and Company magazines. The Company has a communications strategy to ensure that employees are kept informed about significant business facts and issues that affect them.

Political and charitable donations

The Company made charitable donations amounting to £300 during the year ended 31 December 2003 (nine months ended 31 December 2002: £225).

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc.

Auditors

In accordance with Section 386 of the Companies Act 1985 (as amended) the Company has elected to dispense with the need to re-appoint auditors annually, and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

S Leven, for and on behalf of
Centrica Secretaries Limited
Company Secretary

4 September 2004
Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

Statement of directors' responsibilities for preparing the financial statements

The directors are required by the Companies Act 1985 to prepare financial statements for each period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit and loss for the financial year.

The directors confirm that in preparing the financial statements on pages 6 to 16, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors' have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Electricity Direct (UK) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the principal accounting policies note.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report for the year to 31 December 2003 and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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 whether they have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 other information contained in the report for the year to 31 December 2003 and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures within the financial statements. It also includes an assessment of the significant estimates and judgements 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 far view of the state of the Company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

4 September 2004

Profit and loss account for the year ended 31 December 2003

	Notes	Year ended 31 December 2003 £000's	Nine months ended 31 December 2002 £000's
Turnover	1	**159,100**	156,810
Cost of sales		**(125,340)**	(136,350)
Gross profit		**33,760**	20,460
Administrative expenses:			
Exceptional items	3	**1,900**	(40,052)
Other		**(18,638)**	(34,030)
Total administrative expenses		**(16,738)**	(74,082)
Operating profit/(loss):		**17,022**	(53,622)
Interest receivable	5	**51**	241
Interest payable and similar charges	5	**(375)**	(1,439)
Profit/ (loss) on ordinary activities before taxation		**16,698**	(54,820)
Taxation on results on ordinary activities	6	**-**	1,967
Profit/ (loss) on ordinary activities after taxation for the financial period		**16,698**	(52,853)

All activities relate to continuing operations.

There is no difference between the reported profit/(loss) and the historical cost equivalents.

The notes on pages 9 to 16 form part of these financial statements.

Balance sheet as at 31 December 2003

	Notes	As at 31 December 2003 £000's	As at 31 December 2002 £000's
Fixed assets			
Tangible assets	7	**3,033**	5,653
Current assets			
Debtors:			
Debtors (amounts falling due within one year)	8	**24,112**	29,216
Debtors (amounts falling due after more than one year)	8	**2,162**	2,287
		26,274	31,503
Cash at bank and in hand		**360**	30
		26,634	31,533
Creditors (amounts falling due within one year)			
Borrowings	9	**(32,290)**	(34,945)
Creditors	10	**(32,799)**	(52,976)
		(65,089)	(87,921)
Net current liabilities		**(38,455)**	(56,388)
Total assets less current liabilities		**(35,422)**	(50,735)
Creditors (amounts falling due after more than one year)			
Borrowings	9	**(1)**	(728)
Other creditors	10	**(1,501)**	(2,459)
Provisions for liabilities and charges	11	**(967)**	(667)
Net liabilities		**(37,891)**	(54,589)
Capital and reserves – equity interests			
Called up share capital	12	**-**	-
Profit and loss account	13	**(37,891)**	(54,589)
Equity Shareholder's funds	14	**(37,891)**	(54,589)

The financial statements were approved by the board of directors on 4 September 2004 and were signed on its behalf by:

Director

The notes on pages 9 to 16 form part of these financial statements.

Statement of total recognised gains and losses for the year ending 31 December 2003

	Note	**Year ended 31 December 2003**	Nine months ended 31 December 2002
		£000's	£000's
Retained gain/(loss) for the financial year		**16,698**	(52,853)
Total recognised gains and losses for the financial year		**16,698**	(52,853)
Prior year adjustment	17	-	(9,999)
Total gains and losses recognised since last annual report		**16,698**	(62,852)

The notes on pages 9 to 16 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2003

1 Principal accounting policies

Accounting principles

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention and the Companies Act 1985.

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent undertaking of Electricity Direct (UK) Limited, has agreed to provide financial support for the foreseeable future.

Some expenses attributable to the trading of the Company have been borne by British Gas Trading Limited in 2003 as activities are gradually transferred to British Gas Trading Limited.

Cash flow statement

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 Financial Reporting Standards (FRS) 1 (revised 1996).

Turnover

Turnover from the sale of electricity is recognised by the Company exclusive of Value Added Tax and is attributable to one class of business. Customers enter into annual contracts and are billed evenly each month based on one twelfth of their estimated annual consumption. Consumption is subject to seasonal fluctuations therefore there is an over or under billing compared to actual consumption each month. Billed amounts have been adjusted so that turnover reflects the estimated actual consumption during the period. A debtor for unbilled accrued energy income is recognised in the balance sheet.

Cost of sales

Cost of sales comprises the purchase of electricity, transmission, distribution and all other direct costs incurred in supplying the electricity.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and any provisions for impairment. In the case of investments in customer relationship management (CRM) and other technology infrastructure, cost includes contractors' charges, materials, direct labour and directly attributable overheads. Capitalisation begins when expenditures for the asset are being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete. Depreciation commences at the point of commercial deployment.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold and leasehold buildings	up to 50 years
Plant	5 to 20 years
Equipment and vehicles	3 to 6 years

Assets held under finance leases are depreciated over the shorter of the lease term or their useful economic life.

Leases

Assets held under finance leases are capitalised and included in tangible fixed assets at cost. The obligations relating to finance leases, net of finance charges in respect of future periods, are included within borrowings. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect the constant rate of interest on the remaining balance of the obligation for each accounting period. Rentals under operating leases are charged to the profit and loss account as incurred.

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Pensions

The Company does not have a Company pension scheme but pays contributions to individual pension plans for certain staff. Such costs are expensed to the profit and loss account as incurred.

Taxation

Current tax, including UK corporation tax and foreign 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 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.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of 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 difference 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Segmental reporting

The Company's activities consist solely of the supply of electricity within the United Kingdom.

3 Operating profit/(loss)

	Year ended 31 December 2003 £000's	Nine months ended 31 December 2002 £000's
Operating profit/(loss) is stated after charging/(crediting):		
Exceptional bad debt costs (I)	**(1,900)**	33,248
Exceptional salary costs (II)	-	2,976
Exceptional contract termination fees (III)	-	3,828
	(1,900)	40,052
Depreciation and amortisation:		
Owned assets	**1,941**	1,244
Leased assets	**427**	349
	2,368	1,593
(Loss)/Profit on disposal of fixed assets	**(77)**	39
Operating lease rentals:		
Other	**144**	98
Auditors' remuneration:		
Audit services	**29**	32
Non audit services	-	71

Notes to the financial statements (continued)

3 Operating profit (continued)

Exceptional items:

(I) Following a review of the Company's debt provisioning methodology in 2002, additional amounts of £7,300,000 and £25,948,000 were provided against billed and unbilled debt respectively. Given the magnitude of these changes in 2002 they have been disclosed as exceptional items. In 2003 an additional review was carried out and the provision was reduced by £1,900,000.

(II) On acquisition of the Company a change of control bonus amounting to £2,976,000 became payable to certain staff members. All amounts have been paid during 2002/2003.

(III) In order to terminate a contract £3,828,000 became payable to Credit and Business Services Limited; they are a provider of various administration services (see note 16).

4 Directors and employees

a) Employee costs	Year ended 31 December 2003 £000's	Nine months ended 31 December 2002 £000's
Wages and salaries	**4,615**	10,936
Social security costs	**550**	1,138
Other pension and retirement benefits costs	**75**	33
	5,240	12,107

The average number of persons employed by the Company during the year was 171 (period ended 31 December 2002: 353).

b) Directors' emoluments

	Year ended 31 December 2003 £000's	Nine months ended 31 December 2002 £000's
Aggregate emoluments	77	2,936

The remuneration of the highest paid director was as follows:

Total emoluments	77	1,650

The Company made no pension contributions on behalf of the directors (period ended 31 December 2002: one director amounting to £1,938).

5 Interest

	Year ended 31 December 2003 £000's	Nine months ended 31 December 2002 £000's
Interest receivable	**51**	241
Interest payable:		
On bank loans and overdrafts	**(173)**	(1,289)
Finance lease charges	**(202)**	(150)
	(375)	(1,439)
Net interest	**(324)**	(1,198)

Notes to the financial statements (continued)

6 Tax

	Year ended 31 December 2003	Nine months ended 31 December 2002
	£000's	£000's
Tax on (loss)/ profit on ordinary activities		
The tax charge comprises:		
Current tax		
UK corporation tax	-	(3,570)
Adjustments in respect of prior periods	-	1,799
Current tax (credit)/ charge	**0**	(1,771)
Deferred tax		
Current period	-	(196)
Total tax on profit/ (loss) on ordinary activities	**0**	(1,967)

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

	Year ended 31 December 2003	Nine months ended 31 December 2002
	£000's	£000's
Profit/ (loss) on ordinary activities before tax	**16,698**	(54,820)
Tax on Company profit/ (loss) on ordinary activities at standard UK corporation tax rate of 30% (period ended 31 December 2002: 30%)	**5,009**	(16,446)
Effects of:		
Expenses not deductible for tax purposes	**64**	150
Depreciation in excess of capital allowances	**258**	43
Group relief	**(15)**	13,914
Adjustments to tax charge in respect of previous periods	-	1,799
Other timing differences	**(5,316)**	1,769
Adjustments to tax charge in respect of change in accounting policy	-	(3,000)
Company current tax charge for period	**0**	(1,771)

Notes to the financial statements (continued)

7 Tangible fixed assets

	Leasehold improvements £000's	Computer hardware £000's	Motor vehicles £000's	Fixtures & fittings £000's	Computer development £000's	Total £000's
Cost						
As at 1 January 2003	809	1,405	2,012	417	3,896	8,539
Additions	81	265		2		348
Disposals	-	(13)	(1,034)	-	(362)	(1,409)
As at 31 December 2003	**890**	**1,657**	**978**	**419**	**3,534**	**7,478**
Depreciation and amortisation						
As at 1 January 2003	226	549	730	87	1,294	2,886
Charge for the period	204	393	440	83	1,248	2,368
Disposals	-	(9)	(564)	-	(236)	(809)
As at 31 December 2003	**430**	**933**	**606**	**170**	**2,306**	**4,445**
Net book value						
As at 31 December 2003	**460**	**724**	**372**	**249**	**1,228**	**3,033**
As at 31 December 2002	583	856	1,282	330	2,602	5,653

The net book value of tangible fixed assets includes £343,000 (as at 31 December 2002: £1,218,000) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £427,000 (period ended 31 December 2002: £349,000).

8 Debtors

Amounts falling due	As at 31 December 2003 within one year £000's	As at 31 December 2003 after one year £000's	As at 31 December 2002 within one year restated £000's	As at 31 December 2002 after one year £000's
Trade debtors	**16,532**	**-**	16,145	-
Accrued energy income	**5,020**	**-**	6,910	-
Corporation Tax	**1,555**	**-**	-	-
Other debtors	**1,005**	**2,162**	6,161	2,287
	24,112	**2,162**	29,216	2,287

Corporation tax includes the amount due from Inland Revenue in relation to tax losses being carried back to an earlier period.

Notes to the financial statements (continued)

9 Borrowings

Amounts falling due	As at 31 December 2003 within one year £000's	As at 31 December 2003 after one year £000's	As at 31 December 2002 within one year £000's	As at 31 December 2002 after one year £000's
Amounts due to group undertakings	**32,003**	**-**	34,508	-
Obligations under finance leases	**287**	**1**	437	728
	32,290	**1**	34,945	728

10 Creditors

Amounts falling due within one year	As at 31 December 2003 within one year £000's	As at 31 December 2003 after one year £000's	As at 31 December 2002 within one year £000's	As at 31 December 2002 after one year £000's
Trade creditors	**3,444**	-	2,562	-
Amounts owed to Group undertakings	**6,262**	-	43	-
Taxation and social security	**1,935**	-	4,159	-
Other creditors	**7,237**	**1,501**	18,413	2,459
Accruals and deferred income:	**13,921**	-	27,799	-
	32,799	**1,501**	52,976	2,459

The amount due after more than one year relates to a liability for fees on a terminated contract for administration services (see note 16). The company bills customers monthly in advance for one twelfth of their estimated annual consumption; £3,408,000 has been recorded as deferred income to reflect this advance billing.

11 Provisions for liabilities and charges

Deferred taxation provision/ (asset)	Amounts provided: As at 31 December 2003 £000's	Amounts provided: As at 31 December 2002 £000's	Amounts unrecognised: As at 31 December 2003 £000's	Amounts unrecognised: As at 31 December 2002 £000's
Accelerated capital allowances	-	-	**(281)**	(23)
Short term timing differences	-	-	**(10,549)**	(3,057)
Deferred tax asset	-	-	**(10,830)**	(3,080)

As required by Financial Reporting Standard 19 (FRS 19), deferred tax assets are only recognised when there is persuasive and reliable evidence that the assets can be realised. Detailed operating plans covering 2 years from the balance sheet date are used for deferred tax asset recognition purposes. Potential deferred tax asset utilisation falling outside that planning horizon is not currently recognised at the balance sheet date. As encouraged by FRS 19, deferred tax asset recognition will be regularly reassessed.

Other provisions for liabilities and charges	2003 £000's
As at 1 January	**667**
Provided during period	**300**
As at 31 December 2003	**967**

The provisions include £667,000 relating to bonuses, payable in September 2005, to certain sales agencies. The payments are dependent on customers signed up by the agencies continuing to be customers at a given cut off date. A further provision of £300,000 has been included to cover the cost reorganising the operations which commenced in 2003. The reorganisation costs provided for include redundancy costs.

Notes to the financial statements (continued)

12 Called up share capital

	As at 31 December 2003 £'s	As at 31 December 2002 £'s
Authorised share capital of the Company		
100,000 ordinary shares of £1 each	**100,000**	100,000
Allotted and fully paid share capital of the Company		
375 shares of £1 each	**375**	375

13 Profit and loss account

	2003 £000's
As at 1 January 2003	(54,589)
Retained profit for the period	16,698
As at 31 December 2003	**(37,891)**

14 Movement in equity shareholder's funds

	2003 £000's
Equity shareholder's funds as at 1 January 2003	(54,589)
Retained profit for the period	16,698
Equity shareholder's funds as at 31 December 2003	**(37,891)**

15 Financial commitments

As at the balance sheet date the Company had annual commitments under non-cancellable operating leases as follows:	As at 31 December 2003 £000's	As at 31 December 2002 £000's
Expiry date:		
Within one year	**76**	11
Between one and five years	**20**	116
	96	127

The future minimum payments under finance leases are as follows:	As at 31 December 2003 £000's	As at 31 December 2002 £000's
Within one year	**287**	437
Between one and five years	**1**	728
	288	1,165

Notes to the financial statements (continued)

16 Related party transactions

The Company has not disclosed transactions or balances with other group companies as it has taken advantage of the exemption provided by FRS 8 to do so.

Credit and Business Services Limited

S B Paul is also a director and shareholder of Credit and Business Services Limited. During the year the Company paid Credit and Business Services Limited the following sums:

Services and administration £ 1,274,984 (period ended 31 December 2002: £1,663,131)

£7,694 was outstanding to Credit and Business Services Limited at the balance sheet date (as at 31 December 2002: £9,015) in relation to services and administration expenses.

During 2002, a contract for administration services with Credit and Business Services Limited was terminated. As a result of termination, an amount of £3,828,000 became payable, of which £2,459,000 was due to Credit and Business Services Limited at the end of the year. Of the £2,459,000, £957,600 was due within one year.

CBS Consulting Limited

G Paul, the brother of S B Paul, is the joint owner of CBS Consulting Limited. During the period the Company paid CBS Consulting Limited consultancy fees of £142,288 (period ended 31 December 2002: £171,500).

£nil was outstanding to CBS Consulting Limited at the balance sheet date (as at 31 December 2002: £12,000).

17 Prior Year Adjustment

In 2002 the Company changed its accounting policy in respect of the recognition of commission costs and this was accounted for as a prior year adjustment.

18 Control, parent undertaking and controlling party

The Company's ultimate parent undertaking is Centrica plc, a company registered in England and Wales. Copies of Centrica plc consolidated financial statements can be obtained from the company secretary at Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD. The Company's immediate parent undertaking is British Gas Trading Limited.