

GB GAS HOLDINGS LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2003



REGISTERED NO: 3186121

GB Gas Holdings Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited accounts of GB Gas Holdings Limited ("the Company") for the year ended 31 December 2003.

Principal activities

The principal activity of the Company is to act as an investment holding company.

The directors intend that the Company continue to act as an investment holding company for the foreseeable future.

Financial Results

The Company's loss after tax for the year was £157,166,000 (2002: £19,287,000 profit).

Dividends and transfer to reserves

No dividends were paid for the year ended 31 December 2003 (2002: £ Nil).

£157,166,000 loss has been transferred from reserves (2002: £19,287,000 profit).

Directors and their interests

The following served as directors during the year:

P K Bentley

M S Clare

I G Dawson

Sir Roy Gardner

M R Alexander (resigned 28 February 2003)

At no time during the year ended 31 December 2003 did any director have any interest 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. Details of the interests of Sir Roy Gardner, M S Clare, P K Bentley, and M R Alexander in the shares and options over shares in the ultimate parent company, Centrica plc, are shown in the 2003 Centrica plc Annual Report and Accounts. Details of the interests of I G Dawson, as at the year end, were as follows:

Beneficial interests in ordinary shares

	As at 31 December 2003	As at 31 December 2002
I G Dawson	163,412	105,957

The figures disclosed include shares appropriated under the terms of the Centrica Profit Sharing Scheme and shares held under the Centrica Share Incentive Plan.

As at 31 December 2003, 21,200,505 shares (1 January 2003: 27,238,473) were held by the trustee of the employee share trust under the LTIS rules. The directors are deemed to have a potential interest in those shares, being beneficiaries under the trust. As at 23rd July 2004 the number of shares held by the trustee was 20,875,650.

GB Gas Holdings Limited

Directors' report for the year ended 31 December 2003 - continued

Centrica Sharesave scheme

	As at 31 December 2002	Options lapsed during the year	Options granted during the year	As at 31 December 2003
I G Dawson	4,781	(4,781)	15,336	15,336

Options over shares in Centrica plc granted in June 2003 were at an option price of 107.1 pence.

Long Term Incentive scheme (i)

	As at 31 December 2002	Allocations lapsed during the year	Allocations made during the year ⁽ⁱⁱ⁾	Allocations transferred during the year	As at 31 December 2003
I G Dawson	500,396	(25,833)	152,594	(120,954)	506,203

(i) Total allocations as at 31 December 2003 shown above include both 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.

(ii) A conditional allocation of shares was made under this scheme on 1 April 2003 at a base price at allocation of 179.4 pence per share.

Centrica Executive Share Option scheme

	As at 31 December 2002	Options granted during the year	Options exercised during the year	As at 31 December 2003
I G Dawson ⁽ⁱ⁾	208,289	-	-	208,289
I G Dawson ⁽ⁱⁱ⁾	244,661	-	-	244,661
I G Dawson ⁽ⁱⁱⁱ⁾	-	375,170	-	375,170

(i) Options were granted on 31 May 2001 at an option price of 240.05 pence under the terms of the Executive share option scheme.

(ii) Options were granted on 2 April 2002 at an option price of 224.80 pence under the terms of the Executive share option scheme.

(iii) Options were granted on 24 March 2003 at an option price of 146.60 pence under the terms of the Executive share option scheme

Options were granted under the terms of the ultimate parent company's Sharesave scheme, Executive 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 subsisting during or at the end of the financial year to which the Company or any of its subsidiary 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 Disclosures" from disclosure of transactions with other group companies. There have been no other disclosable related party transactions during the year (2002: £nil).

GB Gas Holdings Limited

Directors' report for the year ended 31 December 2003 - continued

Creditor payment policy

The Company aims to pay all of its creditors (none of which were trade creditors) promptly within agreed contract terms.

Charitable and political donations

The Company made no charitable or political donations during the year (2002: £nil).

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, the Company has elected to dispense with the obligation to reappoint auditors annually and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the Board on *23rd July* 2004.



For and behalf of

Centrica Secretaries Limited

Company Secretary

23rd July 2004

Registered office:

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

GB Gas Holdings Limited

Directors' report for the year ended 31 December 2003 - continued

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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.

GB Gas Holdings Limited

Independent auditors' report to the members of GB Gas Holdings Ltd

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 statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report 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 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 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 the other information contained in the annual report 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 in 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 fair view of the state of the Company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

23 July 2004

GB Gas Holdings Limited

Profit and loss account for the year ended 31 December 2003

	Notes	2003 £000	2002 £000
Administrative expenses		(69,842)	(66,390)
Other operating income		64,892	56,952
Impairment losses of fixed asset investments	4	(158,657)	-
Operating loss	3	(163,607)	(9,438)
Profit / (loss) on disposal of fixed asset investments	5	6,050	(5,417)
Income from shares in group undertakings	6	16,084	32,343
Interest payable	7	(19,326)	(375)
Interest receivable	8	3,902	2,254
(Loss)/profit on ordinary activities before taxation		(156,897)	19,367
Tax on profit on ordinary activities	9	(269)	(80)
(Loss)/profit on ordinary activities after taxation and for the financial year		(157,166)	19,287
Transfer (from)/to reserves	19	(157,166)	19,287

All activities relate to continuing operations.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above and their historic cost equivalents.

There have been no recognised gains and losses during the year other than those shown in the profit and loss account.

A statement of movements in shareholder funds is shown in note 19.

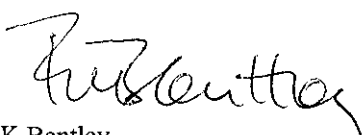
The notes on pages 8 to 17 form part of these financial statements.

GB Gas Holdings Limited

Balance Sheet as at 31 December 2003

	Note	2003 £000	2002 £000
Fixed assets			
Tangible fixed assets	10	38,792	44,867
Investments	11	<u>4,858,433</u>	<u>4,978,374</u>
		<u>4,897,225</u>	<u>5,023,241</u>
Current assets			
Debtors (amounts receivable within one year)	12	670,677	222,583
Debtors (amounts receivable after more than one year)	12	<u>10,420</u>	<u>9,523</u>
		<u>681,097</u>	<u>232,106</u>
Creditors (amounts falling due within one year)			
Borrowings	13	(1,984)	(2,711)
Other creditors	14	<u>(3,704,075)</u>	<u>(3,226,117)</u>
		<u>(3,706,059)</u>	<u>(3,228,828)</u>
Net current liabilities		(3,024,962)	(2,996,722)
Total assets less current liabilities		1,872,263	2,026,519
Creditors (amounts falling due after more than one year)	15	(921)	(2,953)
Provisions for liabilities and charges	16	<u>(12,439)</u>	<u>(7,497)</u>
Net assets		<u>1,858,903</u>	<u>2,016,069</u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Share premium account	18	688,364	688,364
Profit and loss account	18	<u>1,169,539</u>	<u>1,326,705</u>
Shareholder funds	19	<u>1,858,903</u>	<u>2,016,069</u>

The financial statements on pages 6 to 17 were approved by the Board of Directors on 23rd July 2004 and were signed on its behalf by:


P K Bentley
Director

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

GB Gas Holdings Limited

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 under the historical cost convention and the Companies Act 1985.

Basis of preparation

The financial statements have been prepared on a going concern basis, because the directors of the parent company, Centrica plc, have indicated their intention to provide sufficient capital to enable the Company to meet its liabilities as they fall due for the next twelve months.

Exemptions

The Company is a wholly owned subsidiary undertaking of Centrica plc, and has taken advantage of the exemptions within: Financial Reporting Standard No 1 (Revised) "Cash Flow Statements" from presenting a cash flow statement; Financial Reporting Standard No 2 "Accounting for Subsidiary Undertakings" from consolidating its subsidiary undertakings and incorporating the results of its share of associated undertakings and joint ventures; and Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other group companies.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost less accumulated depreciation and less any provisions for impairment. Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives. The depreciation periods for the principal categories of assets are as follows:

Freehold and leasehold buildings	Up to 50 years
Plant	5 to 20 years

Fixed asset investments

Fixed asset investments are included in the balance sheet at cost, less accumulated provisions for amortisation and any impairment.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis.

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.

A 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a

GB Gas Holdings Limited

Notes to the financial statements for the year ended 31 December 2003 - continued

1 Principal accounting policies - continued

Taxation – continued

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 gained will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary or associate.

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.

Property costs

Provision is made for vacant properties, calculated as the lower of the difference between rental costs and sub-let income over the remainder of the leases, and the potential costs to surrender those leases.

Dividends

Dividends from group undertakings are recognised when declared and dividends from associates are recognised upon receipt.

2 Directors and employees

a) Directors

The Directors received no emoluments during the year ended 31 December 2003 (2002: £ nil) in respect of their services to the Company.

All four directors are members of the ultimate parent Company's defined benefit pension scheme. Directors' interests are shown in the Directors' Report on pages 1 and 2. Details of the defined benefit pension scheme can be found in the Centrica plc 2003 Annual Report and Accounts.

b) Employees

There were no employees of the Company during the year ended 31 December 2003 (2002: nil).

3 Operating loss

Operating losses are stated after charging losses on the disposal of fixed assets of £1,580,000 and an exceptional charge of £158,657,000 (note 4). Administrative expenses included depreciation of £3,394,000 (2002: £3,312,000) and operating lease rentals of £37,790,000 (2002: £35,974,807). The audit fee of £10,000 (2002: £10,000) was borne by Centrica plc.

Other operating income substantially represented fees charged to group companies.

GB Gas Holdings Limited

Notes to the financial statement for the year ended 31 December 2003 - continued

4 Exceptional Items

	2003 £000	2002 £000
Recognised in arriving at operating loss:		
Impairment losses in respect of investment in GF Two Limited	156,657	-
Costs in connection with the disposal of the Goldfish credit card and loan business by GF Two Limited		-
	2,000	
	<u>158,657</u>	<u>-</u>

The Company has a 70% economic interest in GF Two Limited (formerly Goldfish Holdings Limited). The impairment losses were calculated with reference to the expected net realisable value of its investment in GF Two Limited, following the sale of the Goldfish Bank credit card and loan business.

5 Profit/(loss) on disposal of fixed asset investments

	2003 £000	2002 £000
Profit / (loss) on disposal of fixed asset investments	6,050	(5,417)
	<u>6,050</u>	<u>(5,417)</u>

During the year, the Company recognised a profit of £7,833,000 from the sale of the Aldbrough Gas Storage Project. The Company's 22% shareholding in The First Resort was disposed of at a loss of £1,783,000 on 1 July 2003.

6 Income from shares in group undertakings

	2003 £000	2002 £000
Dividends receivable from group undertakings	3,167	100
Dividends received from participating interests	12,909	32,243
Other dividends receivable	8	-
	<u>16,084</u>	<u>32,343</u>

7 Interest payable

	2003 £000	2002 £000
Interest payable to group undertakings	(19,194)	-
Interest payable on loan notes issued	(132)	(375)
	<u>(19,326)</u>	<u>(375)</u>

8 Interest receivable

	2003 £000	2002 £000
Interest receivable from joint ventures	3,902	2,254

GB Gas Holdings Limited

Notes to the financial statements for the year ended 31 December 2003 - continued

9 Taxation

	2003 £000	2002 £000
Tax on profit on ordinary activities		
The tax (charge)/credit comprises		
Current tax		
UK Corporation tax	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
Current year	122	463
Adjustments in respect of prior years	(391)	(543)
Total deferred tax	(269)	(80)
Total tax on profit on ordinary activities	(269)	(80)

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

	Year ended 31 Dec. 2003 £000	Year ended 31 Dec. 2002 £000
(Loss)/profit on ordinary activities before tax	(156,897)	19,367
Tax on (loss)/profit on ordinary activities at standard UK corporation tax of 30% (2002: 30%)	(47,069)	5,810
Effects of:		
Expenses not deductible for tax purposes	47,911	4,448
Income not taxable	(5,690)	(11,677)
Utilisation of timing differences	305	3,127
Depreciation in excess of capital allowances	(182)	(506)
Utilisation of losses on disposal of property	-	(118)
Group relief	4,725	(1,084)
Adjustments to tax charge in respect of previous years	-	-
Current tax charge for the year	-	-

GB Gas Holdings Limited

Notes to the financial statements for the year ended 31 December 2003 - continued

10 Tangible fixed assets

	Freehold £000	Long Leasehold £000	Short Leasehold £000	Plant & Machinery £000	Total £000
Cost					
As at 1 January 2003	21,312	18,964	31,003	6,042	77,321
Additions	-	-	185	1,111	1,296
Disposals	(6,880)	-	-	-	(6,880)
As at 31 December 2003	14,432	18,964	31,188	7,153	71,737
Accumulated depreciation					
As at 1 January 2003	(8,997)	(7,481)	(14,497)	(1,479)	(32,454)
Charge for the year	(304)	(363)	(1,126)	(1,601)	(3,394)
Disposals	2,903	-	-	-	2,903
As at 31 December 2003	(6,398)	(7,844)	(15,623)	(3,080)	(32,945)
Net book value					
As at 31 December 2003	8,034	11,120	15,565	4,073	38,792
As at 31 December 2002	12,315	11,483	16,506	4,563	44,867

11 Fixed asset investments

	Shares in Group undertakings £000	Participating Interests Shares £000	Total £000
As at 1 January 2003	5,169,826	13,875	5,183,701
Additions	37,996	978	38,974
Disposals	-	(3,207)	(3,207)
As at 31 December 2003	5,207,822	11,646	5,219,468
Provisions for impairment			
As at 1 January 2003	(204,378)	(949)	(205,327)
Charge for the year (note 4)	(156,657)	(475)	(157,132)
Disposals	-	1,424	1,424
As at 31 December 2003	(361,035)	-	(361,035)
Net book value			
As at 31 December 2003	4,846,787	11,646	4,858,433
As at 31 December 2002	4,965,448	12,926	4,978,374

GB Gas Holdings Limited

Notes to the financial statements for the year ended 31 December 2003 - continued

11 Fixed asset investments (continued)

As at 31 December 2003 the Company had interests in the following principal undertakings. This information is given pursuant to Section 231(5) Companies Act 1985.

Principal subsidiary undertakings	Business	Country of incorporation	Proportion of nominal value of ordinary shares held (%)
AA Corporation Limited ⁽ⁱ⁾	Holding Company and roadside services in Eire	England	100
AA Reinsurance Company (Guernsey) Limited ⁽ⁱⁱⁱ⁾	Insurance Services	Guernsey	100
Accord Energy Limited ⁽ⁱ⁾	Wholesale energy trading	England	100
Automobile Association Developments Limited ⁽ⁱⁱ⁾	Roadside and financial services	England	100
Automobile Association Insurance Services Limited ⁽ⁱⁱ⁾	Financial Services	England	100
Automobile Association Underwriting Services Limited ⁽ⁱⁱ⁾	Roadside and financial services	England	100
British Gas Services Limited ⁽ⁱ⁾	Servicing & installation of gas heating systems	England	100
British Gas Trading Limited ⁽ⁱ⁾	Energy supply	England	100
British Gas Housing Services ⁽ⁱ⁾	Home Services	England	100
Centrica Barry Limited ⁽ⁱ⁾	Power Generation	England	100
Centrica (BOW) Limited ⁽ⁱ⁾	Power Generation	England	100
Centrica Canada Limited ⁽ⁱⁱⁱ⁾	Holding company and gas production	Canada	100
Centrica Energia SL ⁽ⁱⁱ⁾	Energy Supply	Spain	100
Centrica Insurance Company Ltd ⁽ⁱ⁾	Insurance services	Isle Of Man	100
Centrica (IOM) Limited ⁽ⁱ⁾	Insurance services	Isle of Man	100
Centrica KL Ltd ⁽ⁱ⁾	Power Generation	England	100
Centrica Overseas Holdings Ltd	Holding Company	England	100
Centrica PB Ltd ⁽ⁱ⁾	Power Generation	England	100
Centrica Resources Limited ⁽ⁱ⁾	Gas and Oil Production	England	100
Centrica Resources (Armada) Ltd ⁽ⁱ⁾	Gas and Oil Production	England	100
Centrica Risk Limited ⁽ⁱⁱ⁾	Non-Life Insurance	Eire	100
Centrica RPS Limited ⁽ⁱ⁾	Power Generation	England	100
Centrica Storage Holdings Ltd ⁽ⁱ⁾	Gas Storage	England	100
Centrica Telecommunications Ltd ⁽ⁱ⁾	Telecommunications	England	100
DER Development Nos. 1-10 Limited (Alberta) ⁽ⁱⁱ⁾	Gas Production	Canada	100
Direct Energy Marketing Ltd ⁽ⁱⁱⁱ⁾	Energy Supply	Canada	100
Direct Energy Services Inc. ⁽ⁱⁱ⁾	Home Services	Canada	100
Electricity Direct Limited ⁽ⁱ⁾	Energy Supply	England	100
GF Two Limited ^{(i)(vi)}	Financial Services	England	75
Hydrocarbon Resources Ltd ⁽ⁱⁱⁱ⁾	Gas Production	England	100
Regional Power Generators ⁽ⁱ⁾	Power Generation	England	100
The Automobile Association Ltd ⁽ⁱⁱ⁾	Roadside Services	Jersey	100
Volkswagon Assistance Limited ⁽ⁱⁱⁱ⁾	Roadside Assistance	England	100

For footnotes (i) – (vi) see page 14.

GB Gas Holdings Limited

Notes to the financial statements for the year ended 31 December 2003 - continued

11 Fixed asset investments – continued

Principal Joint Ventures

Accuread ⁽ⁱ⁾	Meter Reading	England	49
Automobile Association Financial Services ^{(ii) (iii)}	Financial Services	England	50
Barrow Offshore Winds Ltd ^{(ii) (iv)}	Wind Farm Construction	England	25
Centrica Personal Finance Ltd ⁽ⁱⁱ⁾	Financial Services	England	50
Humber Power Limited ⁽ⁱ⁾	Power Generation	England	60
Luminus NV ⁽ⁱⁱ⁾	Energy Supply	Belgium	50
Motorfile Limited ^{(ii) (v)}	Used car data checking	England	50

- (i) Principal undertakings directly held by the Company
- (ii) Principal undertakings indirectly held by the Company
- (iii) Automobile Association Financial Services is unincorporated and its principal place of business is Capital House, Queen's Park Road, Handbridge, Chester CH88 3AN
- (iv) Barrow Offshore Wind Limited is a joint venture with DONG AS (37.5%) and Statkraft Energy Europe (37.5%)
- (v) Motorfile Limited is a joint venture with Experian Limited and has a 31 March year end
- (vi) GF Two Limited was formerly Goldfish Holdings Limited. The Company has a 70% economic interest in the net assets of GF One Limited (formerly Goldfish Bank Limited), via GF Two Limited.

GB Gas Holdings Limited

Notes to the accounts for the year ended 31 December 2003 - continued

12 Debtors

	2003		2002	
	Within one year	After one year	Within one year	After one year
	£000	£000	£000	£000
Amounts owed by group undertakings	653,322	8,423	204,243	8,423
Other debtors	1,555	-	1,064	-
Deferred corporation tax	-	1,997	-	1,100
Prepayments and accrued income	15,800	-	17,276	-
	<u>670,677</u>	<u>10,420</u>	<u>222,583</u>	<u>9,523</u>

13 Borrowings (amounts falling due within one year)

	2003 £000	2002 £000
Loan notes	<u>1,984</u>	<u>2,711</u>

Loan notes are in respect of the acquisition of Retriever Holdings Limited (dissolved 16 September 2003) of which only £1,707,023 (Loan Note A) is interest bearing (2002: £2,338,181). Interest is paid at the Royal Bank of Scotland plc's base rate. The balance of the Loan Notes (B&C) are non-interest bearing. The date of annual interest is 31 July. The Loan Notes may be redeemed on demand and have final redemption dates of 31 July 2005 (Loan Note A) and 1 April 2004 (Loan Notes B & C).

14 Other creditors (amounts falling due within one year)

	2003 £000	2002 £000
Amounts owed to group undertakings	3,668,249	3,195,217
Accruals and deferred income	15,366	12,459
Other creditors	<u>20,460</u>	<u>18,441</u>
	<u>3,704,075</u>	<u>3,226,117</u>

15 Creditors (amounts falling due after more than one year)

Creditors (amounts falling due after more than one year) comprise £921,000 (2002: £2,953,000) of Unsecured Loan Notes issued for the acquisition of British Gas Housing Services Limited (formerly Trolhurst Limited). These notes are interest bearing at a rate equal to LIBOR less 0.25% in accordance with the agreement. The final redemption date is April 2007.

GB Gas Holdings Limited

Notes to the accounts for the year ended 31 December 2003 - continued

16 Provisions for liabilities and charges

	As at 1 Jan 2003 £000	Profit & Loss charge £000	Utilised in the year £000	As at 31 Dec 2003 £000
Deferred Corporation Tax ⁽ⁱ⁾	1,681	1,166	-	2,847
Property costs ⁽ⁱⁱ⁾	5,816	5,674	(1,898)	9,592
Total	7,497	6,840	(1,898)	12,439

(i) Deferred tax liabilities/(assets) comprised:

	Amounts provided		Potential amounts unrecognised	
	2003 £000	2002 £000	2003 £000	2002 £000
Accelerated capital allowances	1,924	1,681	-	-
Other timing differences	(1,074)	(1,100)	-	-
	<u>850</u>	<u>581</u>	<u>-</u>	<u>-</u>
Deferred corporation tax liability	2,847	1,681		
Deferred corporation tax asset included in Debtors (Note 12)	(1,997)	(1,100)		
	<u>850</u>	<u>581</u>		

(ii) The property costs provision relates to the costs of onerous lease agreements in respect of vacant properties.

17 Called up share capital

	2003 £	2002 £
Authorised:		
1,000,010 ordinary shares of £1 each	1,000,010	1,000,010
Issued, allotted and fully paid:		
1,000,003 ordinary shares of £1 each	1,000,003	1,000,003

18 Reserves

	Share Premium Account £000	Profit & Loss Account (i) £000	Total £000
At 1 January 2003	688,364	1,326,705	2,015,069
Retained loss for the year	-	(157,166)	(157,166)
At 31 December 2003	688,364	1,169,539	1,857,903

(i) In March 2003 the Institute of Chartered Accountants in England and Wales issued Tech 7/03 'Guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 1985'. As a result of the guidance, the directors have determined that reserves of £817,629,000 are not currently available for distribution.

GB Gas Holdings Limited

Notes to the accounts for the year ended 31 December 2003 - continued

19 Movements in shareholders' funds

	2003	2002
	£000	£000
Shareholder funds as at 1 January	2,016,069	1,996,782
(Loss)/profit for the year	(157,166)	19,287
Shareholder funds as at 31 December	1,858,903	2,016,069

20 Guarantees, commitments and contingencies

a) Operating lease commitments

As at 31 December 2003 the operating lease commitments of the Company for the following year were:

Expiring :	2003	2002
	£000	£000
Within one year	6,091	1,890
Between one and five years	1,333	5,005
After five years	44,921	29,973
	52,345	36,868

All operating lease commitments were in respect of property for both the current and prior year.

b) Guarantees

At 31 December 2003 the Company had provided guarantees up to a maximum of £103,492,000 (2002: £98,333,000) to various counter-parties in relation to the wholesale energy procurement activities of its subsidiaries.

21 Post balance sheet events

On 26 March 2004, the Company received payment in full (£483,456,453) of the loan made to Centrica Storage Holdings Limited and repaid its' loan of £483,456,453 to Centrica plc.

On 31 March 2004, 473,118 ordinary £1 shares were issued in exchange for 880,000,000 £1 ordinary shares in Centrica Overseas Holdings Limited.

On 1 July 2004, the Company agreed to sell its investment in AA Corporation Ltd for anticipated proceeds of approximately £1,630,000,000. Completion of the disposal is subject to regulatory approval and is anticipated to take place by 30 September 2004. The net book value of the Company's investment in AA Corporation Limited at 30 December 2003 was £1,119,720,000.

22 Ultimate parent undertaking

Centrica plc is the ultimate parent undertaking and the only group to consolidate the accounts of the Company. Copies of the Annual Report and Accounts of Centrica plc may be obtained from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.