

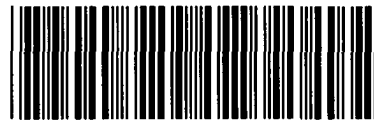
Registration number: 03186121

GB Gas Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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GB Gas Holdings Limited

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GB Gas Holdings Limited

Strategic Report for the Year Ended 31 December 2016

The Directors present their Strategic Report for GB Gas Holdings Limited (the 'Company') for the year ended 31 December 2016.

Review of the business

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosures Framework ('FRS 101').

The results of the Company are set out on page 9. The Company's profit for the financial year was £1,078,482,000 (2015: loss £80,034,000) including net impairments of £254,021,000 (2015: £654,141,000) against investments and receivables. Dividends received in the year amounted to £1,539,025,000 (2015: £729,000,000). Interim dividends of £1,189,000,000 were paid during the year (2015: £729,000,000). The Directors do not recommend the payment of a final dividend (2015: £nil).

The financial position of the Company is presented in the Statement of Financial Position (the 'balance sheet') on page 11. Total equity at 31 December 2016 was £2,792,625,000 (2015: £2,903,143,000).

During the year additional investments were made of £1,004,823,000 (2015: £2,081,820,000). These are detailed in note 12.

The net impairment of £254,021,000 was the result of the review of investment and asset carrying values during the year and comprises additional impairments against investments of £471,522,000 (2015: £873,786,000), reversal of investment impairments of £200,429,000 (2015: £215,997,000) and net impairment reversals of inter-company receivables of £17,072,000 (2015: £3,648,000). These are listed in note 5 and described in note 12.

During the year the Company provided debt financing to its parent Centrica Holdings Limited of £1,520,000,000 as part of Centrica plc Group's (the "Group") implementation of an asset backed contribution structure with the Group's three main pension schemes.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties that the Company is exposed to are interest rate risks linked to the Group's cost of funds. As the interest rate risks relate to transactions with other Group companies they are not actively managed by the Company. Centrica plc manages the interest rate risk on long-term borrowings in line with the Group policy by ensuring that the exposure to floating point interest rates remain in the range 30% to 70%, including the impact of interest rate derivatives.

The principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 56-64 of the Group's 2016 Annual Report and Accounts which does not form part of this report. Copies of the Annual Report of Centrica plc may be obtained from www.centrica.com.

Key performance indicators (KPIs)

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets and results after tax and these are shown above.

GB Gas Holdings Limited

Strategic Report for the Year Ended 31 December 2016 (continued)

Future developments

The Group is currently implementing the results of the 2015 strategic review. This implementation includes a review of how the Group's businesses are structured and may result in future changes to underlying subsidiary business operations including those of the Company.

Exit from the European Union

The UK referendum vote in June 2016 to leave the European Union has added to the uncertainties faced by the business. However, we believe that the direct impact on the business of these events is limited in the short-term. Many details of the implementation process remain unclear. Extricating from the European Union treaties is a task of immense complexity but with that being said, the business is well-positioned to manage any market impacts. There are also potential tax consequences of the withdrawal agreement which we will continue to reassess (at each reporting date) to ensure our tax provisions reflect the most likely outcome following the withdrawal.

Post balance sheet events

On 31 January 2017 the Company's investment in Building Management Solutions Integrators Limited (formerly British Gas Energy Services Limited) was sold for £850,000 and has been impaired accordingly in these financial statements (£7,299,000).

Approved by the Board on 19 May 2017 and signed on its behalf by:




Company Secretary

By order of the Board for and on behalf of Centrica Secretaries Limited

~~Company Secretary~~

Company registered in England and Wales, No. 03186121

Registered office:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

GB Gas Holdings Limited

Directors' Report for the Year Ended 31 December 2016

The Directors present their report and the audited Financial Statements for the year ended 31 December 2016.

Directors of the Company

The Directors who held office during the year were and up to the date of signing as follows:

I G Dawson

J Bell

A S Page

Results and dividends

The results of the Company are set out on page 9. The profit for the financial year ended 31 December 2016 is £1,078,482,000 (2015: loss £80,034,000) including net impairments of £254,021,000 (2015: £654,141,000). Dividends received in the year amounted to £1,539,025,000 (2015: £729,000,000). Interim dividends of £1,189,000,000 were paid during the year (2015: £729,000,000). The directors do not recommend a final dividend payment (2015: £nil).

Future developments

Future developments are discussed in the Strategic Report on page 2.

Post balance sheet events

Post balance sheet events are detailed in note 23 of the financial statements.

Going concern

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the financial statements were approved.

Directors' and Officers' liabilities

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.

GB Gas Holdings Limited

Directors' Report for the Year Ended 31 December 2016 (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the 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 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.

GB Gas Holdings Limited


Directors' Report for the Year Ended 31 December 2016 (continued)

Reappointment of auditors

Following a rigorous selection process by the Audit Committee of Centrica plc, Deloitte LLP was selected as the Group's external auditor for the financial year commencing from 1 January 2017. Consequently, PricewaterhouseCoopers LLP will remain auditors of GB Gas Holdings Limited until the formal resignation process has been completed later in 2017, after which Deloitte LLP will be appointed as auditors of GB Gas Holdings Limited.

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, until the formal resignation process has been completed.

Approved by the Board on 19 May 2017 and signed on its behalf by:


.....
By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 03186121
Registered office:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

GB Gas Holdings Limited

Independent Auditors' Report to the Members of GB Gas Holdings Limited

Report on the financial statements

Our opinion

In our opinion, GB Gas Holdings Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), comprise:

- the statement of financial position as at 31 December 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work under taken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

GB Gas Holdings Limited

Independent Auditors' Report to the Members of GB Gas Holdings Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ('ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

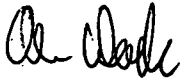
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

GB Gas Holdings Limited

Independent Auditors' Report to the Members of GB Gas Holdings Limited (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



.....
Alan Walsh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

19 May 2017

GB Gas Holdings Limited

Income Statement for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Operating costs	4	(73,081)	(62,361)
Exceptional items - restructuring costs	5	(5,048)	-
Exceptional items - net impairment charges	5	(254,021)	(654,141)
Other income	6	72,893	53,285
Operating loss		<u>(259,257)</u>	<u>(663,217)</u>
Income from shares in group undertakings	8	1,539,025	729,000
Finance income	8	18,264	38,368
Finance cost	8	<u>(266,533)</u>	<u>(217,454)</u>
		1,290,756	549,914
Profit/(loss) before income tax		1,031,499	(113,303)
Income tax credit	10	<u>46,983</u>	<u>33,269</u>
Profit/(loss) for the financial year		<u>1,078,482</u>	<u>(80,034)</u>

The above results were derived from continuing operations.

GB Gas Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	2016 £ 000	2015 £ 000
Profit/(loss) for the financial year	<u>1,078,482</u>	<u>(80,034)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income/(expense) for the year	<u><u>1,078,482</u></u>	<u><u>(80,034)</u></u>

The notes on pages 13 to 54 form an integral part of these financial statements.

GB Gas Holdings Limited

Statement of Financial Position as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Non-current assets			
Property, plant and equipment	11	33,134	22,464
Investments	12	8,970,965	8,240,148
Trade and other receivables	13	1,528,651	4,622
Deferred tax assets	10	4,853	1,700
		<u>10,537,603</u>	<u>8,268,934</u>
Current assets			
Trade and other receivables	13	798,904	755,056
Cash and cash equivalents		1,759	1,632
		<u>800,663</u>	<u>756,688</u>
Total assets		11,338,266	9,025,622
Current liabilities			
Trade and other payables	14	(6,175,014)	(4,976,395)
Current tax liabilities		-	(1,146)
Provisions	15	(6,096)	(5,303)
		<u>(6,181,110)</u>	<u>(4,982,844)</u>
Non-current liabilities			
Deferred tax liabilities	10	(1,680)	(335)
Trade and other payables	14	(2,324,725)	(1,127,045)
Provisions	15	(38,126)	(12,255)
		<u>(2,364,531)</u>	<u>(1,139,635)</u>
Total liabilities		(8,545,641)	(6,122,479)
Net assets		2,792,625	2,903,143
Equity			
Called up share capital	16	1,473	1,473
Share premium account		500,000	500,000
Retained earnings		2,291,152	2,401,670
Total equity		2,792,625	2,903,143

The financial statements on pages 9 to 54 were approved and authorised for issue by the Board of Directors on 19 May 2017 and signed on its behalf by:



J Bell
Director
Company number 03186121

GB Gas Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Called up share capital £ 000	Share premium account £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2016	1,473	500,000	2,401,670	2,903,143
Profit for the financial year	-	-	1,078,482	1,078,482
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,078,482	1,078,482
Dividends	-	-	(1,189,000)	(1,189,000)
At 31 December 2016	1,473	500,000	2,291,152	2,792,625
	Called up share capital £ 000	Share premium account £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2015	1,473	500,000	210,704	712,177
Loss for the financial year	-	-	(80,034)	(80,034)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(80,034)	(80,034)
Dividends	-	-	(729,000)	(729,000)
Share issue	-	3,000,000	-	3,000,000
Capital reduction	-	(3,000,000)	3,000,000	-
At 31 December 2015	1,473	500,000	2,401,670	2,903,143

As described in note 12, for distributable reserves purposes, reserves are considered to exclude unrealised losses of £2,250,833,000 (2015: £1,979,740,000).

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

GB Gas Holdings Limited (the 'Company') is a company limited by share capital incorporated and domiciled in the United Kingdom.

The address of its registered office and principal place of business is:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

These Financial Statements were authorised for issue by the Board on 19 May 2017.

2 Accounting policies

Basis of preparation

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements as it's a wholly-owned subsidiary of Centrica plc. These financial statements present information about the Company as an individual undertaking and not about its group, and have been prepared on a going concern basis, as described in the Directors' Report.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliation of tangible fixed assets and intangible assets;
- Disclosures in respect of related parties transactions with wholly-owned subsidiaries;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Centrica plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair value measurement* and the disclosures required by IFRS 7 *Financial instrument disclosures* have not been provided.

These financial statements are presented in pounds sterling with all values rounded to the nearest thousand pounds except when otherwise indicated, which is the functional currency of the Company. Operations and transactions conducted in currencies other than the functional currency are translated in accordance with the foreign currencies accounting policy set out below.

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the financial statements were authorised.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2016 have had a material effect on the financial statements.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition

Property income: Property costs are incurred and recharged to Group companies on an accruals basis. The recharge of property costs to Group companies is allocated based on direct occupation of the building.

Finance income: Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Dividend income

Dividend income is recognised when the right to receive payment is established.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset or assets. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised and included in property, plant and equipment at their fair value, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The obligations relating to finance leases, net of finance charges in respect of future periods, are included within bank loans and other borrowings, with the amount payable within 12 months included in bank overdrafts and loans within current liabilities.

Lease payments are apportioned between finance charges and reduction of the finance lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Payments under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing at the reporting period date, and associated gains and losses are recognised in the income statement for the period, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement in the respective financial line item to which they relate.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the Company are translated using the exchange rate prevailing at the dates of the initial transaction and are not retranslated. Non-monetary items measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was measured.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax, UK petroleum revenue 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 substantively enacted by the balance sheet date. Tax is recognised in the income statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Dilapidations

Provision is made for the net present value of the estimated cost of dilapidations at the end of the lease properties' useful life.

When this provision relates to an asset with sufficient future economic benefits, a dilapidations asset is recognised and included as part of the associated PP&E and depreciated accordingly. If there is an indication that the carrying amount of the asset is not fully recoverable, the asset is tested for impairment and an impairment loss is recognised where necessary. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding dilapidations asset included within PP&E. The unwinding of the discount on the provision is included in the Income Statement within Finance cost.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Property, plant and equipment ('PP&E')

PP&E is included in the statement of financial position at cost, less accumulated depreciation and any provisions for impairment. The initial costs of an asset comprises its purchase price or construction costs, at any other consideration given to acquire the asset.

Subsequent expenditure in respect of items of PP&E such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day servicing, repairs and maintenance, is expensed as incurred.

Freehold land is not depreciated. Other PP&E items 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.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold and leasehold buildings	Straight line, up to 50 years
Plant	Straight line, between 5 and 20 years
Equipment and vehicles	Straight line, between 3 and 10 years

Assets held under finance leases are depreciated over their expected useful economic lives on the same basis as for owned assets, or where shorter, the lease term.

The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary changes are accounted for prospectively.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Investments in subsidiaries

Fixed asset investments in subsidiaries' shares are held at cost in accordance with IAS 27, less any provision for impairment as necessary.

Impairment review of non financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ('CGU').

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Interest in joint arrangements and associates

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Associates are investments over which the Company has significant influence but not control or joint control, and generally holds between 20% and 50% of the voting rights. The Company's joint ventures and associates are accounted for at cost in accordance with IAS 27, less any provision for impairment as necessary.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Where discounting is used, the increase in the provision due to the passage of time is recognised in the income statement within finance cost. Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

(a) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the effective interest rate ('EIR') (although in practice the discounting is often immaterial) less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group may not be able to collect the trade receivable. Balances are written off when recoverability is assessed as being remote. If collection is due in one year or less receivables are classified as current assets. If not they are presented as non-current assets.

(b) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR method (although, in practice, the discount is often immaterial). If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as non-current liabilities.

(c) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Company's income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

(e) Interest-bearing loans and other borrowings

All interest-bearing (and interest free) loans and other borrowings with banks or and similar institutions and 'intercompany entities' are initially recognised at fair value net of directly attributable transaction costs (if any, in respect of 'intercompany funding'). After initial recognition, these financial instruments are measured at amortised cost using the EIR method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's income statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

(f) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, which are recognised initially at fair value within the Company's statement of financial position. Available-for-sale financial assets are re-measured subsequently at fair value with gains and losses arising from changes in fair value recognised directly in equity and presented in the Company's statement of comprehensive income, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement of the period. Accrued interest or dividends arising on available-for-sale financial assets are recognised in the income statement.

At each balance sheet date the Company assesses whether there is objective evidence that available-for-sale financial assets are impaired. If any such evidence exists, cumulative losses recognised in equity are removed from equity and recognised in the income statement. The cumulative loss removed from equity represents the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include disposals of businesses, onerous contract charges and asset write-downs/impairments.

3 Critical accounting judgements and key sources of estimation uncertainty

Investment in subsidiaries, associates and joint-ventures

A key accounting judgement of the Company is the carrying value of its investments in subsidiary undertakings, joint ventures, trade investments and receivables from these undertakings. The impairment review process identified that the carrying value of some investments were not fully supported and were cumulatively impaired by £2,541,136,000 (2015: £2,294,377,000). Receivables from group undertakings £53,100,000 (2015: £70,171,000 write back) were not fully recoverable.

Dilapidation of leasehold buildings

During the year a review of leasehold buildings was undertaken that identified dilapidation costs arising at the end of a lease had not been provided for. The estimated liability for end of lease costs was estimated as £28,616,000 and the net present value of £21,900,000 was recognised as PP&E and depreciated over the life of the lease. The current year Income Statement includes cumulative depreciation of £12,800,000 and notional interest of £3,700,000. This adjustment was not significant to the accounts and not treated as a prior year adjustment.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

4 Analysis of costs by nature

	2016 £ 000	2015 £ 000
Property costs (excluding depreciation)	55,184	57,531
Other costs	1,889	1,653
Depreciation	16,008	3,177
	<u>73,081</u>	<u>62,361</u>

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

5 Exceptional items - impairment charges

The following exceptional items were recognised in arriving at the operating profit / (loss) of the reporting year:

	2016 £ 000	2015 £ 000
Restructuring costs	(5,048)	-
Impairment charges	<u>(254,021)</u>	<u>(654,141)</u>
Net impairment charges	<u>(259,069)</u>	<u>(654,141)</u>
	2016 £ 000	2015 £ 000
Centrica Finance (Scotland) Limited	237,309	-
Centrica Overseas Holdings Limited	-	259,605
Centrica Resources (Armada) Limited	-	2,541
Centrica North Sea Gas Limited	-	370,186
Centrica North Sea Oil Limited	27,737	-
Centrica Production Services Limited	4,993	4,601
Centrica Lake Limited	50,000	232,742
Building Management Solutions Integrators Limited	7,299	-
Centrica Production (DMF) Limited	6,440	-
Centrica Production (GMA) Limited	6,000	-
Centrica Leasing (PB) Limited	500	-
4Energy Limited	4,457	-
Power Plus Communications Limited	-	4,111
Centrica Storage Holdings Limited	126,787	-
Total investment impairments	<u>471,522</u>	<u>873,786</u>
Centrica Overseas Holdings Limited	(98,889)	-
Centrica Resources (Armada) Limited	(14,178)	-
Centrica Resources Limited	(355)	-
Centrica North Sea Gas Limited	(84,094)	-
Centrica North Sea Oil Limited	-	(215,997)
Power Plus Communications Limited	(2,128)	-
Ceres Power Holdings Limited	(785)	-
Total investment impairments reversed	<u>(200,429)</u>	<u>(215,997)</u>

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

	2016 £ 000	2015 £ 000
Receivable from Centrica Lake Limited	-	(6,081)
Receivable from Centrica KPS Limited	(5,786)	2,455
Receivable from Centrica KL Limited	(11,933)	(22)
Receivable from Ignite Social Enterprise LP	647	-
Total receivable impairments / (reversals)	(17,072)	(3,648)

6 Other income

The analysis of the Company's other income for the year is as follows:

	2016 £ 000	2015 £ 000
Gain from disposal of investments	111	4,734
Other operating income	72,782	48,551
	72,893	53,285

Other operating income substantially represents fees charged to Group companies to recover the costs of the Group's property portfolio. These charges are allocated based on the occupation of the properties for which these costs are incurred.

7 Employee costs

There were no employees of the Company during the year ended 31 December 2016 (2015: Nil).

In respect of the Directors' remuneration, refer to note 21 'Related party transactions'.

8 Net finance income/cost

Finance income

	2016 £ 000	2015 £ 000
Interest income from amounts owed by group undertakings	18,264	29,251
Income from shares in group undertakings	1,539,025	729,000
Net foreign exchange gains on financing transactions	-	9,117
Total finance income	1,557,289	767,368

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8 Net finance income/cost (continued)

Finance cost

	2016 £ 000	2015 £ 000
Interest on amounts owed to group undertakings	(247,001)	(217,454)
Net foreign exchange losses on financing transactions	(16,572)	-
Other finance costs	(2,960)	-
Total finance cost	(266,533)	(217,454)
Net finance income	1,290,756	549,914

Income from shares in group undertakings is detailed as follows:

	2016 £000	2015 £000
British Gas Insurance Limited	164,000	60,000
British Gas Services Limited	-	69,000
British Gas Trading Limited	450,000	550,000
British Gas New Heating Limited	-	50,000
Centrica Lake Limited	215,000	-
Centrica Energy Limited	360,000	-
Centrica Finance (Scotland) Limited	314,430	-
Centrica Leasing (PB) Limited	500	-
ENI Property Holdings Limited	810	-
Centrica Electric Limited	18	-
BGPGS Limited	19,959	-
Centrica Production (DMF) Limited	6,440	-
Centrica Production (GMA) Limited	6,000	-
CH4 Energy Limited	1,284	-
JK Environmental Services Limited	584	-
	1,539,025	729,000

9 Auditors' remuneration

Auditors' remuneration totalling £31,574 (2015: £45,190) relates to fees for the audit of the statutory financial statements of the Company and includes fees in relation to the audit of the IFRS Group consolidation schedules, for the purpose of the Centrica plc Group audit and which also contributes to the audit of the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group Financial Statements of its ultimate parent, Centrica plc.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Income tax

Tax credited / (charged) in the income statement

	2016 £ 000	2015 £ 000
Current taxation		
UK Corporation tax at 20% (2015: 20.25%)	44,960	35,104
UK Corporation tax adjustment to prior periods	215	(2,847)
	<u>45,175</u>	<u>32,257</u>
Deferred taxation		
Arising from origination and reversal of temporary differences - UK	2,934	1,376
Arising from changes in tax rates and laws	(480)	(168)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(646)	(196)
Total deferred taxation	<u>1,808</u>	<u>1,012</u>
Tax credit in the income statement	<u>46,983</u>	<u>33,269</u>

The Company earns the majority of its profits in the UK. Most of these UK activities are subject to the standard rate for UK corporation tax, which from 1 April 2016 was 20% (2015: 20.25%).

The main rate of corporation tax for the year to 31 December 2016 was 20%. The corporation tax rate will reduce to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020 following the enactments of Finance (No 2) Act 2015 and Finance Act 2016, respectively. These enacted rates have been reflected in these financial statements when providing for deferred tax.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Income tax (continued)

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax rate to the profit before tax are reconciled below:

	2016 £ 000	2015 £ 000
Profit/(Loss) before tax	1,031,499	(113,303)
Tax expense at standard UK rate 20% (2015: 20.25%)	206,300	(22,940)
Effects of:		
Net expenses non-deductible for tax purposes	51,182	132,653
Increase in current tax from adjustment for prior periods	431	3,042
Increase from effect of UK tax rate changes	480	169
Increase from effect of revenues exempt from taxation	(307,827)	(148,556)
Increase arising from group relief	(321)	881
Increase from transfer pricing adjustments	321	336
UK tax on income attributed from foreign subsidiary	2,451	1,146
Total income tax credit	(46,983)	(33,269)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2016 £ 000	Recognised in income £ 000	At 31 December 2016 £ 000
Accelerated tax depreciation	(335)	(1,345)	(1,680)
Other items	1,700	3,153	4,853
Net tax assets/(liabilities)	1,365	1,808	3,173

Offsetting

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £000	2015 £000
Net deferred tax assets	4,853	1,700
Net deferred tax liabilities	(1,680)	(334)
	3,173	1,366

Unrecognised deferred tax

	2016 £000	2015 £000
Unused tax losses	19,754	20,916

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Income tax (continued)

At the balance sheet date, the Company has unrecognised capital losses of £116,199,154 (2015: £116,199,154) available against future chargeable gains.

11 Property, plant and equipment

	Land and buildings £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2016	29,114	37,446	66,560
Additions	-	26,678	26,678
At 31 December 2016	29,114	64,124	93,238
Depreciation			
At 1 January 2016	16,167	27,929	44,096
Charge for the year	955	15,053	16,008
At 31 December 2016	17,122	42,982	60,104
Net book value			
At 31 December 2016	11,992	21,142	33,134
At 31 December 2015	12,947	9,517	22,464

Included within the net book value of land and buildings above is £10,346,000 (2015: £10,692,000) in respect of freehold land and buildings, £500,000 (2015: £528,000) in respect of long leasehold land and buildings and £1,146,000 (2015: £1,727,000) in respect of short leasehold land and buildings.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

12 Investments

	Shares in group undertakings (subsidiaries) £ 000	Participating interests (associates and JVs) £ 000	Trade investment £000	Total £ 000
Cost				
At 1 January 2016	10,503,221	8,168	23,136	10,534,525
Additions	1,004,423	400	-	1,004,823
Disposals	-	(4,111)	(23,136)	(27,247)
At 31 December 2016	<u>11,507,644</u>	<u>4,457</u>	<u>-</u>	<u>11,512,101</u>
Provision				
At 1 January 2016	2,267,130	4,111	23,136	2,294,377
Disposals	-	(1,983)	(22,351)	(24,334)
Impairments	269,549	2,329	(785)	271,093
At 31 December 2016	<u>2,536,679</u>	<u>4,457</u>	<u>-</u>	<u>2,541,136</u>
Net book values				
At 31 December 2016	<u>8,970,965</u>	<u>-</u>	<u>-</u>	<u>8,970,965</u>
At 31 December 2015	<u>8,236,091</u>	<u>4,057</u>	<u>-</u>	<u>8,240,148</u>

On 13 May 2016 the Company acquired the entire issued share capital of ENER-G Cogen International Limited for £149,423,000.

On 22 June 2016 the Company subscribed for 1 ordinary share of £1 in Centrica LNG Limited at a subscription price of £155,000,000.

On 25 August 2016 the Company subscribed for 1 ordinary share of £1 in British Gas Services Limited at a subscription price of £700,000,000.

On 19 October 2016 the Company subscribed for 2,531 "E" ordinary shares in 4Energy Limited at a cost of £400,000.

On 11 April 2016 the Company sold its shareholding in Power Plus Communications AG for sale proceeds of £2,128,000 (€2,720,000). The cost of £4,111,000 had been previously impaired and this impairment was reversed to the amount received.

On 18 October 2016 the Company sold its shareholding in Ceres Power Holdings plc for £785,000. The cost of £23,136,000 had been previously impaired in prior years and this impairment was reversed to the amount received.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

12 Investments (continued)

The impairment test showed that the recoverable amount was less than the carrying value for Centrica Finance (Scotland) Limited, Centrica North Sea Oil Limited, Centrica Production Services Limited, Centrica Lake Limited and Centrica Storage Holdings Limited. The following investments had previously been impaired but the recoverable amount had increased as a result of improved trading and the impairment reversed; Centrica Overseas Holdings Ltd; Centrica Resources (Armada) Limited; Centrica Resources Limited and Centrica North Sea Gas Limited. The impairments and reversal are shown in note 5.

In the year the Company's investments in a number of subsidiaries which are in the process of liquidation have been impaired as follows; BGP GS Limited £2, Centrica Leasing (PB) Limited £500,000, Centrica Production (DMF) Limited £6,440,000, Centrica Production (GMA) Limited £6,000,000, ENI Property Holdings Limited £2, Dyno Holdings Limited £1 and Centrica Electric Limited £2.

The Company's investment in 4Energy Limited has been impaired by £4,457,000 as a result of a decrease in its underlying value as supported by value in use calculations.

On 31 January 2017 the Company's investment in Building Management Solutions Integrators Limited (formerly British Gas Energy Services Limited) was sold at a loss of £7,299,000 and has been impaired accordingly in these financial statements.

Revaluation of investments

In accordance with section 841 of the Companies Act 2006, the Directors have considered the value of the fixed asset investments of the Company without actually revaluing them and are satisfied that the aggregate value of those assets at 31 December 2016 was not less than the aggregate amount (before impairment) at which they were then stated in the Company's financial statements. In accordance with sub section 4(b) the cumulative impairment charge of £2,250,833,000 (2015: £1,979,740,000) does not fall to be classified as a realised loss and therefore distributable reserves of the Company are increased to £2,250,833,000 (2015: £1,979,740,000).

13 Trade and other receivables

	2016		2015	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Amounts owed by group undertakings	754,921	1,528,651	710,057	4,622
Prepayments	9,993	-	10,089	-
Other receivables	33,990	-	32,123	-
Accrued income	-	-	2,787	-
	<u>798,904</u>	<u>1,528,651</u>	<u>755,056</u>	<u>4,622</u>

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

13 Trade and other receivables (continued)

Amounts owed by Group undertakings totalling £473,061,000 (2015: £444,110,000) accrues interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. These amounts are unsecured and are repayable on demand. The interest rates were between 3.0% and 4.0% (2015: 2.4% and 2.9%).

Amounts owed by Group undertakings totalling £274,656,000 (2015: £215,775,000) are not interest bearing and are unsecured and repayable on demand.

Interest balances of £509,000 (2015: £12,192,000) are interest free.

Amounts owed by Group undertakings under an intercompany finance lease arrangement total £627,000 (2015: £590,000) are unsecured and accrue interest between 5.5% and 6.4% (2015: 5.5% and 6.4%).

Amounts owed by Ignite Social Enterprise of £6,068,000 (2015: £nil) accrue interest at 3.25% above Barclays base rate and are unsecured and repayable on demand.

Non-current amounts owed by Group undertakings under an intercompany finance lease arrangement total £8,651,000 (2015: £9,259,000) are unsecured repayable over 20 years from 2007 and accrue interest between 5.5% and 6.4% (2015: 5.5% and 6.4%).

Non-current amounts owed by Centrica Holdings Limited of £1,520,000,000 (2015: £nil) accrue interest at a fixed rate of 7% and are unsecured and repayable on 8 January 2030.

Amounts owed by Group undertakings are net of impairment provisions of £53,100,000 (2015: £70,171,000).

Finance lease receivables

	Minimum lease payments £ 000	Finance charges £ 000	Present value £ 000
2016			
Within one year	1,209	(582)	627
In two to five years	4,763	(1,920)	2,843
In over five years	7,142	(1,335)	5,807
	<u>13,114</u>	<u>(3,837)</u>	<u>9,277</u>
	Minimum lease payments £ 000	Finance charges £ 000	Present value £ 000
2015			
Within one year	1,210	(620)	590
In two to five years	4,763	(2,088)	2,675
In over five years	8,332	(1,747)	6,585
	<u>14,305</u>	<u>(4,455)</u>	<u>9,850</u>

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

14 Trade and other payables

	2016		2015	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Accrued expenses	16,406	-	9,635	-
Amounts owed to group undertakings	6,101,409	2,306,640	4,920,197	1,101,070
Other payables	57,199	18,085	46,563	25,975
	<u>6,175,014</u>	<u>2,324,725</u>	<u>4,976,395</u>	<u>1,127,045</u>

Amounts owed to Group undertakings of £523,961,000 (2015: £509,720,000) accrue interest at a rate set by Group Treasury and based on the Group's cost of funds (2015: 3 month LIBOR reset on a quarterly basis at the rate on the last day of the preceding quarter). The interest rates were between 0.59% and 4.04% (2015: 0.56% and 0.58%).

Amounts owed to Group undertakings of £4,818,506,000 (2015: £4,180,715,000) accrue interest at a rate set by Group Treasury and based on the Group's cost of funds, are unsecured, repayable on demand with interest paid monthly. The interest rates ranged between 2.36% and 2.88% (2015: 2.36% and 2.88%).

Amounts owed to Group undertakings include £667,951,000 (2015: £156,537,000) which is interest free, unsecured, with no fixed date of repayment and is repayable on demand.

Amounts owed to Group undertakings include CAD 147,670,000 (£89,035,000) (2015: CAD 147,670,000 (£72,480,000)) which is interest free, unsecured, with no fixed date of repayment and is repayable on demand.

Interest balances of £1,956,000 (2015: £745,000) are interest free.

Non-current amounts owed to Group undertakings of £2,306,140,000 (2015: £1,100,570,000) are payable in tranches over periods of between 3 to 14 years and accrue interest at a fixed rate of 7%. Interest is payable annually in arrears.

Non-current amounts owed to Centrica Insurance Company Limited of £500,000 (2015: £500,000) are interest free and unsecured with no fixed repayment date.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

15 Provisions

	Restructuring £ 000	Other provisions £ 000	Total £ 000
At 1 January 2016	14,776	2,782	17,558
Charged to the income statement	7,253	2,611	9,864
Additional provisions	-	21,574	21,574
Decrease in existing provisions	(4,774)	-	(4,774)
At 31 December 2016	17,255	26,967	44,222
Non-current liabilities	12,844	25,282	38,126
Current liabilities	4,411	1,685	6,096

Restructuring provisions relate to onerous leases in respect of sub-let properties and are calculated as the lower of the difference between rental costs and sub-let income over the remainder of the leases and the expected cost to surrender those leases.

Restructuring provisions charged arise on properties closed during the year. Other provisions arise on recognising end of lease dilapidations.

Financial Liabilities

Included within provisions are financial liabilities of:

	Current 2016 £000	Non-current 2016 £000	Current 2015 £000	Non-current 2015 £000
Restructuring costs	4,371	10,171	3,395	8,805
Provisions other than restructuring costs	1,685	25,282	1,475	1,173
	6,056	35,453	4,870	9,978

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

16 Called up share capital

Allotted, called up and fully paid shares

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>1,473</u>	<u>1,473</u>	<u>1,473</u>	<u>1,473</u>

17 Dividends paid and proposed

	2016 £ 000	2015 £ 000
<i>Declared and paid during the year</i>		
Final dividend of £nil (2015 - £nil) per ordinary share	-	-
Interim dividend of £807.20 (2015 - £494.91) per ordinary share	<u>1,189,000</u>	<u>729,000</u>
	<u>1,189,000</u>	<u>729,000</u>

18 Operating leases

Leases as lessee

At 31 December 2016 the Company had annual commitments under non-cancellable operating leases for properties with the following maturity:

	2016 £ 000	2015 £ 000
Within one year	31,198	30,398
In two to five years	83,470	85,606
In over five years	<u>45,337</u>	<u>62,066</u>
	<u>160,005</u>	<u>178,070</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £30,650,000 (2015 - £30,846,000).

Sublease arrangements

Total future minimum sublease income under non-cancellable operating leases expected to be received is £10,576,000 (2015 - £9,850,000).

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

19 Other commitments and contingencies

Other guarantees and indemnities

At 31 December 2016 the Company had provided guarantees up to a maximum of £11,173,000 (2015: £26,713,000) to various counter-parties primarily in relation to the wholesale energy procurement activities of its subsidiaries.

At 31 December 2016 the Company had provided guarantees to its direct subsidiary British Gas Trading Limited, in respect of any obligations, commitments, undertakings, warranties or indemnities arising under energy purchase agreements within British Gas Energy Procurement Limited and Centrica Energy Management Limited. At the year end the Company's exposure in respect of these guarantees was £1,000,000,000 (2015: £1,000,000,000).

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings

The company has related undertakings as follows:

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
1773648 Alberta Ltd.	Gas and/or oil exploration and products and/or trading	Canada	B	Ordinary shares		100
4Energy Limited (ix)	In liquidation	United Kingdom	AM	Ordinary shares	22	
509760 Alberta Ltd.	Gas and/or oil exploration and production	Canada	AG	Ordinary shares		43
8401268 Canada Inc.	Gas and/or oil exploration and products and/or trading	Canada	C	Ordinary shares		100
Accord Energy (Trading) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Accord Energy Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Alertme.com GmbH	Non-trading	Germany	E	Ordinary shares		100
Alertme.com Inc.	Energy management products and services	United States	F	Ordinary shares		100
Atform Limited	Dormant	United Kingdom	A	Ordinary shares		100
BGPGS Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
BMS Setpoint Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares		100
BMS Solutions Limited (iii)	Dormant	United Kingdom	A	Ordinary shares		100
Bord Gáis Energy Limited	Energy supply and power generation	Republic of Ireland	G	Ordinary shares		100
Bowland Resources (No.2) Limited	Gas and/or oil exploration and production	United Kingdom	A	Ordinary shares		100
Bowland Resources Limited	Gas and/or oil exploration and production	United Kingdom	A	Ordinary shares		100
Brae Canada Ltd.	Gas and/or oil exploration and production	Canada	B	Ordinary and preference shares		100
British Gas Energy Procurement Limited	Energy supply	United Kingdom	A	Ordinary shares		100
British Gas Energy Services Limited (iii)	Energy management products and services	United Kingdom	A	Ordinary shares	100	
British Gas Finance Limited	Vehicle leasing	United Kingdom	A	Ordinary shares	100	
British Gas Housing Services Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares		100
British Gas Insurance Limited	Insurance provision	United Kingdom	A	Ordinary shares	100	
British Gas Limited	Dormant	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
British Gas New Heating Limited	Electrical and gas installations	United Kingdom	A	Ordinary shares	100	
British Gas Services (Commercial) Limited	Servicing and installation of heating systems	United Kingdom	A	Ordinary shares	100	
British Gas Services Limited	Home services	United Kingdom	A	Ordinary shares	100	
British Gas Social Housing Limited	Servicing and installation of heating systems	United Kingdom	A	Ordinary shares		100
British Gas Solar Limited	Dormant	United Kingdom	A	Ordinary shares		100
British Gas Trading Limited	Energy supply	United Kingdom	A	Ordinary shares	100	
Business Gas Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Caythorpe Gas Storage Limited	Gas storage	United Kingdom	H	Ordinary shares		100
Celtic Array Limited	Development of an offshore windfarm	United Kingdom	A	Ordinary shares		50
Centrica (BOW) Limited	Dormant	United Kingdom	A	Ordinary shares		100
Centrica (DSW) Limited	Dormant	United Kingdom	A	Ordinary shares		100
Centrica (IOM) Limited	Dormant	Isle of Man	I	Ordinary shares	100	
Centrica (Lincs) Wind Farm Limited	Holding company	United Kingdom	A	Ordinary shares		100
Centrica 25 Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Centrica 27 Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica Barry Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Brigg Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Combined Common Investment Fund Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Connected Home Canada Inc. (iv)	Energy management products and services	Canada	B	Ordinary shares		100
Centrica Connected Home Limited (v)	Energy management products and services	United Kingdom	A	Ordinary and preference shares		100
Centrica Delta Limited	Dormant	Isle of Man	J	Ordinary shares		100
Centrica Directors Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Distributed Generation Limited (v)	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Electric Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Centrica Energy (Trading) Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares		100
Centrica Energy Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares	100	
Centrica Energy Marketing Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares	100	
Centrica Energy Operations Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Energy Renewable Investments Limited	Dormant	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica Energy Tolling BV	Non-trading	Netherlands	K	Ordinary shares		100
Centrica Engineers Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica F3 Developments Limited	In liquidation	United Kingdom	L	Ordinary shares		100
Centrica Finance (Canada) Limited	Holding company	United Kingdom	A	Ordinary shares		100
Centrica Finance (Scotland) Limited	Holding company	United Kingdom	L	Ordinary shares	100	
Centrica Finance Investments Limited	Non-trading	United Kingdom	A	Ordinary shares	100	
Centrica Finance Norway Limited	Group financing	Jersey	M	Ordinary shares		100
Centrica Gamma Holdings Limited	Holding company	United Kingdom	A	Ordinary shares		100
Centrica Ignite GP Limited	Investment company	United Kingdom	A	Ordinary shares	100	
Centrica Ignite LP Limited	Investment company	United Kingdom	A	Ordinary shares	100	
Centrica India Offshore Private Limited	Business services	India	N	Ordinary shares		100
Centrica Infrastructure BV	Construction, ownership and exploitation of infrastructure	Netherlands	K	Ordinary shares		100
Centrica Infrastructure Limited	Dormant	United Kingdom	L	Ordinary shares	100	
Centrica Insurance Company Limited	Insurance provision	Isle of Man	I	Ordinary and preference shares	100	
Centrica Jersey Limited	Dormant	Jersey	O	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica KL Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica KPS Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Lake Limited	Holding company	United Kingdom	A	Ordinary shares	100	
Centrica Langage Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Leasing (KL) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Leasing (PB) Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Centrica LNG Company Limited	LNG Trading	United Kingdom	A	Ordinary shares	100	
Centrica LNG UK Limited	LNG Trading	United Kingdom	A	Ordinary shares	100	
Centrica Nederland BV	Holding company	Netherlands	K	Ordinary shares		100
Centrica No. 12 Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Nominees No.1 Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica North Sea Gas Exploration Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares		100
Centrica North Sea Gas Limited	Gas and/or oil exploration and production	United Kingdom	L	Ordinary shares	100	
Centrica North Sea Limited	Gas and/or oil exploration and production	United Kingdom	A	Ordinary shares	100	
Centrica North Sea Oil Limited	Gas and/or oil exploration and production	United Kingdom	L	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica Norway Limited (vi)	Gas and/or oil exploration and production	United Kingdom	A	Ordinary shares		100
Centrica Offshore UK Limited	Gas and/or oil exploration and production	United Kingdom	H	Ordinary shares		100
Centrica Onshore Processing UK Limited	Dormant	United Kingdom	H	Ordinary shares		100
Centrica Overseas Holdings Limited	Holding company	United Kingdom	A	Ordinary shares	100	
Centrica PB Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Pension Plan Trustees Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Production (DMF) Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Centrica Production (GMA) Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Centrica Production (Services) Limited	Business services	United Kingdom	L	Ordinary shares	100	
Centrica Production Limited	Dormant	United Kingdom	L	Ordinary shares	100	
Centrica Production Nederland BV	Gas and/or oil exploration and production	Netherlands	K	Ordinary Shares		100
Centrica Production Trustees Limited (vii)	In liquidation	United Kingdom	L	Ordinary shares	100	
Centrica Renewable Energy Limited	Holding company	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica Resources (Armada) Limited	Gas and/or oil exploration and production	United Kingdom	A	Ordinary shares	100	
Centrica Resources (Norge) AS	Gas and/or oil exploration and production	Norway	P	Ordinary shares		100
Centrica Resources (UK) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Resources Limited	Gas and/or oil exploration and production	United Kingdom	A	Ordinary shares	100	
Centrica Resources Petroleum UK Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Retail Holdings Netherlands BV	Holding company	Netherlands	K	Ordinary shares		100
Centrica Secretaries Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica SHB Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Storage Holdings Limited	Holding company	United Kingdom	H	Ordinary shares	100	
Centrica Storage Limited	Gas storage	United Kingdom	H	Ordinary shares		100
Centrica Trinidad and Tobago Limited	Business services	Trinidad and Tobago	Q	Ordinary shares		100
Centrica Trust (No.1) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Upstream Investment Limited	Dormant	United Kingdom		Ordinary shares	100	
CF 2016 LLP	Group financing	United Kingdom	A	Membership interest		100
CFCEPS LLP	Group financing	United Kingdom	A	Membership interest		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
CFCPP LLP	Group financing	United Kingdom	A	Membership interest		100
CFCPS LLP	Group financing	United Kingdom	A	Membership interest		100
CH4 Energy Limited	Dormant	United Kingdom	A	Ordinary shares	100	
CH4 Old Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Cheltenham Renovators Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
CID1 Limited	Dormant	United Kingdom	A	Ordinary shares	100	
CIU1 Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Combined Power (South) Limited (iv)	Power generation	United Kingdom	A	Ordinary shares		100
CQ Energy Canada Partnership	Holding entity	Canada	AE	Membership interest		60
CQ Energy Canada Resources Partnership	Gas and/or oil exploration and production	Canada	AF	Membership interest		60
CSA Offshore Services (Proprietary) Limited	Business services	South Africa	R	Ordinary shares		100
DEML Investments Limited	Holding company	Canada	S	Ordinary shares		100
DER Development No. 10 Ltd.	Holding company	Canada	B	Ordinary shares		100
Direct Energy (B.C.) Limited	Energy supply and/or services	Canada	C	Ordinary shares		100
Direct Energy Holdings (Alberta) Inc.	Home and/or commercial services	Canada	B	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Direct Energy HVAC Services Ltd.	Home and/or commercial services	Canada	B	Ordinary shares		100
Direct Energy Marketing Limited	Energy supply and/or services	Canada	S	Ordinary shares		100
Direct Energy Partnership	Energy supply	Canada	B	Membership interest		100
Direct Energy Resources Partnership	Holding entity	Canada	B	Membership interest		100
Drips Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Dyno Developments Limited	Dormant	United Kingdom	A	Ordinary shares		100
Dyno Holdings Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Dyno Kil (Franchising) Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares		100
Dyno-Plumbing Limited	Dormant	United Kingdom	A	Ordinary shares		100
Dyno-Rod Limited	Operation of a franchise network	United Kingdom	A	Ordinary shares		100
Dyno-Security Services Limited	Dormant	United Kingdom	A	Ordinary shares		100
Dyno-Services Limited	Dormant	United Kingdom	A	Ordinary shares		100
ECL Contracts Limited	Dormant	United Kingdom	A	Ordinary shares		100
ECL Investments Limited	Dormant	United Kingdom	A	Ordinary shares		100
Econergy Limited (vii)	In liquidation	United Kingdom	A	Ordinary shares		100
Electricity And Gas Recoveries Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Electricity Direct (UK) Limited	Dormant	United Kingdom	A	Ordinary shares		100
Elswick Energy Limited	Gas and/or oil exploration and production	United Kingdom	A	Ordinary shares		100
ENI Property Holdings Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
ENER-G Cogen International Limited (iv)	Holding company	United Kingdom	A	Ordinary shares	100	
ENER-G Cogen LLC (iv)	Energy management products and services	United States	D	Membership interest		100
ENER-G Combined Power Limited (iv)	Energy management products and services	United Kingdom	A	Ordinary shares		100
ENER-G Energia Technolgia Zrt. (iv)	Energy management products and services	Hungary	T	Ordinary shares		100
ENER-G Group Inc. (iv)	Energy management products and services	United States	D	Ordinary shares		100
ENER-G Italia Srl (iv)	Energy management products and services	Italy	U	Membership interest		100
ENER-G Nagykanizsa Kft (iv)	Energy management products and services	Hungary	T	Membership interest		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
ENER-G Nedalo BV (iv)	Energy management products and services	Netherlands	V	Ordinary shares		100
ENER-G Power2 Limited (iv)	Holding company	United Kingdom	A	Ordinary shares		100
ENER-G Rudox Holdings LLC (iv)	Holding company	United States	D	Membership interest		100
ENER-G Rudox Inc. (iv)	Energy management products and services	United States	W	Ordinary shares		100
ENER-G Tehnologii Energetice Srl (iv)	Energy management products and services	Romania	X	Ordinary shares		100
Energy And Building Management Solutions Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares		100
Energy For Tomorrow	Not-for-profit energy services	United Kingdom	A	Limited by guarantee	100	
Eurowind Polska VI Sp z o.o. (iv)	Operation of an onshore windfarm	Poland	AL	Ordinary shares		50
Finance Scotland 2016 Limited Partnership	Group financing	United Kingdom	L	Membership interest		100
Finance Scotland CEPS Limited Partnership	Group financing	United Kingdom	L	Membership interest		100
Finance Scotland CPP Limited Partnership	Group financing	United Kingdom	L	Membership interest		100
Finance Scotland CPS Limited Partnership	Group financing	United Kingdom	L	Membership interest		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Flowgem Limited (iv)	Home and/or commercial services	United Kingdom	A	Ordinary shares		100
Generation Green Solar Limited (iv)	Dormant community benefit society	United Kingdom	A	Membership interest		100
GF One Limited	In liquidation	United Kingdom	Y	Ordinary shares	100	
GF Two Limited	In liquidation	United Kingdom	Y	Ordinary shares	100	
GLID Limited	Holding company	United Kingdom	A	Ordinary shares		100
Goldbrand Development Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Greener Ideas Limited (iv)	Development of flexible power generation sites	Republic of Ireland	AH	Ordinary shares		50
Hillserve Limited	Dormant	United Kingdom	A	Ordinary shares		100
Home Assistance UK Limited	Intermediary services, including claims handling and administration services	United Kingdom	A	Ordinary shares	100	
Humberland Limited	Dormant	United Kingdom	A	Ordinary shares		100
Hydrocarbon Resources Limited	Gas and/or oil exploration and production	United Kingdom	A	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Ignite Social Enterprise LP	Social enterprise investment fund	United Kingdom	A	Membership interest		100
JK Environmental Services (UK) Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Killingholme Pensions Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares		100
Lake Acquisitions Limited	Holding company	United Kingdom	AJ	Ordinary shares		20
Lincs Wind Farm Limited (x)	Operation of an offshore windfarm	United Kingdom	L	Ordinary shares		50
Neas d.o.o. Beograd (iv)	Dormant	Serbia	Z	Ordinary shares		100
Neas Energy A/S (iv)	Energy services and wholesale energy trading	Denmark	AA	Ordinary shares		100
Neas Energy GmbH (iv)	Energy services and wholesale energy trading	Germany	AB	Ordinary shares		100
Neas Energy Limited (iv)	Energy services and wholesale energy trading	United Kingdom	A	Ordinary shares		100
Neas Energy Singapore Pte. Ltd (iv)	Energy services and wholesale energy trading	Singapore	AC	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Neas Fondsmæglerselskab A/S (iv)	Non-trading	Denmark	AB	Ordinary shares		100
Neas Invest A/S (iv)	Dormant	Denmark	AA	Ordinary shares		100
Newco Five Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Newco One Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Newnova Limited (iii)	Dormant	United Kingdom	A	Ordinary shares		100
Newnova Old Limited (iii)	Dormant	United Kingdom	A	Ordinary shares		100
North Sea Infrastructure Partners Limited	Dormant	United Kingdom	M	Ordinary shares	100	
NSGP (Ensign) Limited	Gas and/or oil exploration and production	Jersey	AD	Ordinary shares		100
NSIP (ETS) Limited	Gas supply	United Kingdom	A	Ordinary shares	100	
NSIP (Holdings) Limited	Dormant	United Kingdom	L	Ordinary shares	100	
P.H. Jones Facilities Management Ltd.	Servicing and maintenance of heating systems	United Kingdom	A	Ordinary shares		100
P.H. Jones Group Limited	Holding company	United Kingdom	A	Ordinary shares		100
Pioneer Shipping Limited (v)	Sea freight water transport	United Kingdom	A	Ordinary shares	100	
Repair and Care Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Rhiannon Wind Farm Limited	Dormant	United Kingdom	A	Ordinary shares		50

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Scottish Gas Limited (vii)	In liquidation	United Kingdom	L	Ordinary shares	100	
Semplice Energy Limited (ii)	In liquidation	United Kingdom	A	Ordinary shares	100	
Solar Technologies Group Limited	Dormant	United Kingdom	A	Ordinary shares		100
Solar Technologies Limited	Dormant	United Kingdom	A	Ordinary shares		100
Soren Limited	Dormant	United Kingdom	A	Ordinary shares		100
UtilityNorth A/S (vii)	In liquidation	Denmark	AA	Ordinary shares		100
Veolia CHP Ireland Limited (viii)	Energy supply and power generation	Republic of Ireland	AK	Ordinary shares		20
Vindpark Keblowo Aps (iv)	Operation of an onshore windfarm	Denmark	AI	Ordinary shares		50

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

- (i) For list of registered addresses, refer to below table.
- (ii) Dissolved on 2 February 2017.
- (iii) British Gas Energy Services Limited (renamed Building Management Solutions Integrators Limited on 18 January 2017), BMS Solutions Limited, Newnova Limited and Newnova Old Limited were disposed of on 31 January 2017.
- (iv) Acquired or established in 2016.
- (v) Pioneer Shipping Limited, Centrica Distributed Generation Limited and Centrica Connected Home Limited were renamed during the year (previously Centrica Shipping Limited, Centrica RPS Limited and Alertme.com Ltd).
- (vi) Centrica Norway Limited is operating in Norway as Centrica Energi NUF.
- (vii) Dissolved on 21 January 2017.
- (viii) Veolia CHP Ireland Limited was renamed during the year (previously Dalkia Chp Limited).
- (ix) Entered into administration 7 March 2017.
- (x) Disposed of on 17 February 2017.

All companies principally operate within their country of incorporation.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

List of registered addresses

Registered address key	Address
A	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
B	2323 32nd Avenue N.E., Calgary, AB T2E 6Z3, Canada
C	1700-1185 West Georgia Street, Vancouver BC V6E 4E6, Canada
D	3411 Silverside Road Rodney Building #104, Wilmington, DE 19810, United States
E	Thomas-Wimmer-Ring 1-3, 80539, Munich, Germany
F	1521 Concord Pike #303, Wilmington, DE 19803, United States
G	1 Warrington Place, Dublin, 2, Republic of Ireland
H	20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom
I	St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man
J	33-37 Athol Street, Douglas, IM1 1LB, Isle of Man
K	Polarisavenue 39, 2132 JH Hoofddorp, Netherlands
L	IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom
M	47 Esplanade, St Helier, JE1 0BD, Jersey
N	G - 74, LGF, Kakaji, New Delhi, Dehli, 110019, India
O	26 New Street, St Helier, JE2 3RA, Jersey
P	Veritasveien 25, 4007 Stavenger, Norway
Q	Eleven Albion, Corner Albion and Dere Streets, Port of Spain, Trinidad and Tobago
R	No 12A Sooty Street, Cnr Reddersburg & Virginia Street, Amberfield Glen, Rooihuiskraal, North Centurion Gauteng, 0175, South Africa
S	333 Bay Street, Toronto ON M5H 2R2, Canada
T	H-1106 Budapest, Jászberényi út 24-36, Hungary
U	Milan (MI), Via Emilio Cornalia 26, ItalyMilan (MI), Via Emilio Cornalia 26, Italy
V	Wiegerbruinlaan 2A, 1422 CB Uithoorn, Netherlands
W	Corporate Creations Network Inc., 811 Church Road #105, Cherry Hill NJ 08002, United States
X	15-23 Bucuresti Nord Street, Windsor Building, Ground Floor, Office No. 1, Voluntari, Ilfov County, Romania
Y	1 More London Place, London, SE1 2AF, United Kingdom
Z	Makedonska 30 (Eurocentar) 3rd floor, 11000 Belgrade, Serbia
AA	Skelagervej 1, DK 9000 Aalborg, Denmark
AB	Schillerstr. 7, 40721 Hilden (bei Düsseldorf), Germany
AC	220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852
AD	13 Castle Street, St Helier, JE4 5UT, Jersey

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Related undertakings (continued)

AE	237 4th S.W., Calgary, AB T2P 4K3, Canada
AF	525 8th Ave S.W., Calgary, AB T2P 1G1, Canada
AG	855 2nd Street S.W., Calgary, AB T2P NJ8, Canada
AH	Webworks, Eglinton Street, Cork, Republic of Ireland
AI	Mariagervej 58B, DK 9500 Hobro, Denmark
AJ	40 Grosvenor Place, London, SW1X 7EN, United Kingdom
AK	Innovation House, DCU Innovation Campus, 11 Old Finglas Road, Glasnevin, Dublin, 11, Republic of Ireland
AL	17 Karsko, Dolice, Przelewiec, 73-115, Pyrzyckie, Zachodniopomorskie, Poland
AM	No1 Nottingham Science Park Jesse Boot Avenue Nottingham NG27 2RU United Kingdom

21 Related party transactions

Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Directors' emoluments	345	777
Contributions into pension schemes	37	43
	<u>382</u>	<u>820</u>

There was 1 director (2015: 1) to whom retirement benefits were accruing under a defined benefit pension scheme and 2 directors (2015: 2) to whom retirement benefits were accruing under money purchase pension schemes.

There were 2 directors (2015: 3) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme and no directors (2015: 2) who exercised share options relating to the ultimate parent company.

The highest paid director received emoluments of £182,949 (2015: £605,827) and the company contributed £25,017 (2015: £21,892) to his pension scheme.

22 Parent and ultimate parent undertaking

The immediate parent undertaking is Centrica Holdings Limited, a company registered in England and Wales.

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

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

23 Post Balance Sheet Events

On 31 January 2017 the Company's investment in Building Management Solutions Integrators Limited (formerly British Gas Energy Services Limited) was sold for £850,000 and has been impaired accordingly in these financial statements (£7,299,000).