

CENTRICA QUEST LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2002

REGISTERED NO: 3271974



Centrica Quest Limited

Annual report and accounts for the year ended 31 December 2002

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Centrica Quest Limited

Directors' report for the year ended 31 December 2002

The directors present their report and audited financial statements of Centrica Quest Limited (the "Company") for the year ended 31 December 2002.

Principal activities

The principal activity of the Company is to act as trustee in respect of the provision of shares to participants in Centrica plc's Sharesave Scheme.

Financial results and dividends

The results of the Company are set out on pages 5 to 8. The directors do not recommend the payment of a dividend for the year ended 31 December 2002 (2001:Nil).

Creditor payment policy

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

Directors and their interests

The following served as directors during the year:

	Appointed	Resigned
C E Chamberlain	24 March 1997	-
D Macmillan	24 March 1997	-
D R Woodward	4 September 2001	-
E Clarkson	24 March 1997	17 March 2002

At no time during the year ended 31 December 2002, did any director have any interest in the shares of the Company or any other company within the Centrica group, except for interests in, and options over, the shares and interests of the ultimate parent company, Centrica plc as set out below:

Interests in the ordinary shares

	As at 31 Dec. 2002	As at 31 Dec. 2001
C E Chamberlain	-	-
D Macmillan	32,224	2,452
D R Woodward	95	-

The figures above include shares appropriated under the terms of the Centrica plc profit sharing scheme and shares held in trust for share incentive plan (SIP) *, where applicable.

Centrica Quest Limited

Directors' report for the year ended 31 December 2002 (continued)

Sharesave

	As at 31 Dec. 2002	Exercised	Granted	As at 31 Dec. 2001
C E Chamberlain	-	-	-	-
D Macmillan	11,195	29,741	7,454	33,482
D R Woodward	9,318	-	9,318	-

Options over shares in Centrica plc were granted in June 1998 and April 2002 at an option price of 92.2 and 177.6 pence per share respectively under an all-employee savings-related share option scheme, the Sharesave Scheme *.

* For details of any of the above listed schemes please refer to the 2002 Annual Report for Centrica plc, copies of which can be obtained from the Company Secretary Centrica plc.

The closing price of a Centrica plc ordinary share on the last day of trading of 2002 (31 December) was 171 pence. The range during the year was 239 pence (high) and 150 pence (low).

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

Directors' and officers' liability

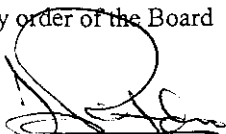
The ultimate parent company has maintained insurance cover for all the directors and officers against liabilities in relation to the company.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors

This report was approved by the Board on 26 June 2003

By order of the Board



I Ritchie
For and behalf of
Centrica Secretaries Limited
Company Secretary

26 June 2003

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Quest Limited

Statement of directors' responsibilities for preparing the financial statements

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

The directors consider that in preparing the financial statements on pages 5 to 8, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and all accounting standards which they consider to be applicable have been followed.

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

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

Centrica Quest Limited

Independent auditors' report to the members of Centrica Quest Limited

We have audited the financial statements on pages 5 to 8 and the related notes which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

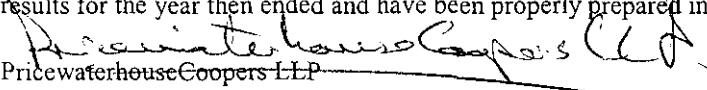
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 26 June 2003 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RN

26 June 2003

Centrica Quest Limited

Profit and loss account for the year ended 31 December 2002

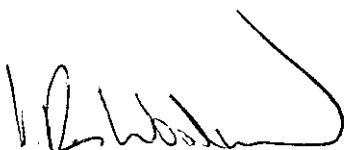
The Company did not enter into any revenue transactions during the year (2001: Nil). There were no recognised gains or losses (2001: nil). The audit fee was borne by the ultimate parent company in both 2002 and 2001.

Centrica Quest Limited

Balance Sheet as at 31 December 2002

	Note	2002 £	2001 £
Current assets			
Cash at bank and in hand		<u>100</u>	<u>60,816</u>
		<u>100</u>	<u>60,816</u>
Creditors (amounts falling due within one year)	3	<u>(98)</u>	<u>(60,814)</u>
Net current assets		<u>2</u>	<u>2</u>
Capital and reserves - equity interests			
Called up share capital	4	<u>2</u>	<u>2</u>
Shareholder funds	5	<u>2</u>	<u>2</u>

The financial statements on pages 5 to 8 were approved by the Board of Directors on 26 June 2003 and were signed on its behalf by:



D R Woodward
Director

The notes on pages 7 to 8 form part of these financial statements.

Centrica Quest Limited

Notes to the financial statements for the year ended 31 December 2002

1 Principal accounting policies

Accounting principles

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

Exemptions

As the Company is a wholly owned subsidiary undertaking of Centrica plc, the Company has taken advantage of the exemptions within: Financial Reporting Standard No 1 "Cash Flow Statements" from presenting a cash flow statement and Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other group companies.

2 Directors and employees

a) Directors

The directors received no emoluments during the period ended 31 December 2002 (2001: nil) in respect of their services to the Company.

All four directors are members of the ultimate parent company's defined benefit pension scheme. Directors' interests are shown in the directors' report on pages 1 and 2.

b) Employees

There were no employees of the Company (2001: Nil).

3 Creditors (amounts falling due within one year)

	2002 £	2001 £
Amounts owed to group employees	-	60,648
Amounts owed to group undertakings	98	166
	<u>98</u>	<u>60,814</u>

Centrica Quest Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

4 Called up share capital

	2002	2001
	£	£
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued, allotted and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

5 Movements in shareholder funds

	2002	2001
	£	£
Shareholder funds as at 1 January	2	2
Result for the year	-	-
Shareholder funds as at 31 December	<u>2</u>	<u>2</u>

6 Ultimate parent undertaking

Centrica plc is the ultimate parent undertaking and the only group to consolidate the accounts of the Company.

Copies of the Annual Report and Accounts of Centrica plc may be obtained from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.