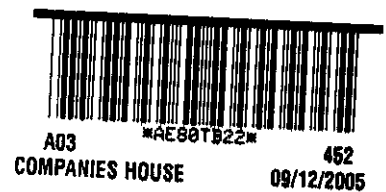


Centrica Electric Limited

Annual report

For the year ended 31 December 2004

**Registered Number: 3275458**



**Annual report for the year ended 31 December 2004**

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**Directors' report for the year ended 31 December 2004**

The directors present their report and the audited financial statements of Centrica Electric Limited ("the Company") for the year ended 31 December 2004.

**Principal activities**

On 1 March 2004 the company was issued 100% of the irredeemable preference shares of Centrica Barry Limited, a wholly owned subsidiary of GB Gas Holdings Limited. Prior to this the Company was dormant.

**Results and dividends**

The profit on ordinary activities after taxation for the year ended 31 December 2004 is £101,000 (2003: £nil). The directors do not recommend the payment of a dividend.

**Directors**

The following served as directors during the year:

	<b>Date of Appointment</b>	<b>Date of Resignation</b>
Centrica Directors Limited	01/11/2001	

**Directors' interests**

At no time did the director holding office at 31 December 2004, have any interest in the shares of the Company (2003: nil) or any other company within the Centrica plc Group except for the interests in, and the options over, the shares and interests of the ultimate parent company, Centrica plc.

**Directors' and officers liability insurance**

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review.

**Employees**

The Company had no employees at 31 December 2004 (31 December 2003: nil).

**Directors' report for the year ended 31 December 2004 (continued)**

**Related party transactions**

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica group companies. There have been no other discloseable related party transactions during the year (2003: £nil).

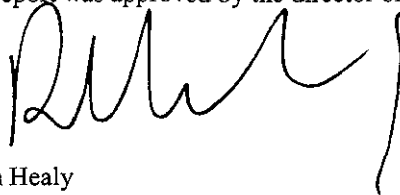
**Political and charitable donations**

The Company made no political or charitable donations during the year (2003: £nil).

**Auditors**

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to reappoint auditors annually, and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the director on 28 November 2005.



Robin Healy  
for and on behalf of  
Centrica Secretaries Limited  
Company Secretary  
28 November 2005

**Registered office:**

Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditors' report to the Shareholder of Centrica Electric Limited**

We have audited the financial statements which comprise the statement of total recognised gains and losses, the balance sheet and the related notes and the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of directors and auditors**

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

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

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

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

**Basis of opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors  
Hull

29 November 2005

**Profit and loss account for the year ended 31 December 2004**

		31 December 2004 £'000	31 December 2003 £'000
	Notes		
Turnover		-	-
Cost of sales		-	-
<b>Operating profit</b>	3	-	-
Other income	6	101	-
<b>Profit on ordinary activities before taxation</b>		101	-
Tax on profit on ordinary activities	7	-	-
<b>Profit on ordinary activities after taxation</b>		101	-
Dividends		-	-
<b>Retained profit for the year</b>		101	-

All activities relate to continuing operations.

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

**Statement of total recognised gains and losses for the year ended 31 December 2004**


	31 December 2004 £'000	31 December 2003 £'000
Profit for the financial year	101	-
Unrealised gains on shares in group company	2,466	-
<b>Total recognised gains and losses for the year</b>	<b>2,567</b>	-
<b>Total recognised gains and losses since last annual report</b>	<b>2,567</b>	-

The unrealised gain on shares relates to the issue on 1 March 2004, of irredeemable preference shares by Centrica Barry Limited (See note 7).

**Balance sheet as at 31 December 2004**

		2004	2003
	Notes	£'000	£'000
<b>Fixed Assets</b>			
Investments	8	2,466	-
<b>Current assets</b>			
Debtors	9	101	-
<b>Net current assets</b>		101	-
<b>Net assets</b>		2,567	-
<b>Capital and reserves</b>			
Called-up share capital	10		-
Profit & Loss Account	11	101	
Other reserves	11	2,466	-
<b>Equity shareholder funds</b>	12	2,567	-

The financial statements on pages 5 to 10 were approved by the director on 28 November 2005 and were signed on its behalf by:



Ian Ritchie  
for and on behalf of Centrica Directors Limited

**Director**

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



## **Notes to the financial statements for the year ended 31 December 2004**

### **1 Statement of accounting policies**

#### **Basis of accounting**

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

#### **Investments**

Fixed asset investments are shown at cost or fair market value less any provision for impairment. (See note 7)

#### **Deferred taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

### **2 Cash flow statements and related party disclosures**

The Company is a wholly-owned subsidiary of GB Gas Holdings Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 "Cash Flow Statements". The Company is also exempt under the terms Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

### **3 Operating Profit**

Any incidental expenses and auditors' remuneration are borne by the parent undertaking.

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 4 Directors' emoluments

The director received no emoluments during the year as they are employed by other Centrica group companies.

### 5 Employee information

The Company has no direct employees.

### 6 Other income

	2004 £'000	2003 £'000
Dividends	101	-

Dividends are preference dividends payable by Centrica Barry Ltd.

### 7 Tax on profit on ordinary activities

	2004 £'000	2003 £'000
<b>The tax charge comprises :</b>		
United Kingdom corporation tax at 30% (2003: 30%) based on the profit/(loss) for the period		
Current	-	-
<b>Total tax credit on loss on ordinary activities</b>	-	-

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows :

	2004 £'000	2003 £'000
Profit / (loss) on ordinary activities before tax	101	-
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	30	-
Effects of :		
Income not subject to tax	(30)	-
<b>Current tax charge for the year</b>	-	-

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 8 Fixed asset investments

	2004 £'000	2003 £'000
Cost:	-	-
As at 1 January 2004	-	-
Additions	2,466	-
<b>As at 31 December 2004</b>	<b>2,466</b>	-

Additions represent 100% of the issued irredeemable £0.01 preference share capital of Centrica Barry Limited (CBL). The shares were received for nil consideration and hence have been recognised at fair value, being the present value of future dividends receivable as at date of issue. GB Gas Holdings Ltd, the Company's immediate parent undertaking, owns 100% of the issued ordinary share capital of CBL.

The CBL preference shares confer upon the holders the right in priority to any payment by way of dividend to receive a *cumulative preferential dividend*.

### 9 Debtors

	2004 £'000	2003 £'000
Amounts owed by group undertakings	101	-

### 10 Called-up share capital

	2004 £	2003 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Issued, allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 11 Reserves

	Profit and Loss Account £'000	Other Reserve £'000
As at 1 January 2004	-	-
Profit for the year	101	-
Unrealised gain on shares in group company	-	2,466
<b>At 31 December 2004</b>	<b>101</b>	<b>2,466</b>

Other reserves comprise an unrealised gain on shares acquired in Centrica Barry Limited. (note 7)

### 12 Reconciliation of movements in shareholder funds

	£'000
Profit for the year	101
Unrealised gain on shares in group company	2,466
Shareholder funds at 1 January 2004	-
<b>Shareholder funds as at 31 December 2004</b>	<b>2,567</b>

### 13 Ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited.

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