

**Registered Number: 03275458**

**Centrica Electric Limited**

**Annual report and Financial Statements  
For the year ended 31 December 2011**

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# **Centrica Electric Limited**

## **Annual report and Financial Statements for the year ended 31 December 2011**

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# **Centrica Electric Limited**

## **Directors' report for the year ended 31 December 2011**

The Directors present their report and the audited financial statements of Centrica Electric Limited ("the Company") for the year ended 31 December 2011

### **Principal activities**

The principal activity of the Company is that of a holding company

### **Business review**

During the year Centrica Barry Limited passed a special resolution whereby it cancelled 100% of its preference shares. As a result the investment in Centrica Barry was reduced to nil with the write down being set against the unrealised gain which was accounted for in other reserves and was recognised on inception. Following the preference share cancellation the Company declared and paid an interim dividend of £1,540,958 to GB Gas Holdings Limited. All remaining balances within the company have been converted to non interest bearing intercompany loans. As the investments have been reduced to nil it is envisaged that the Company will be classed as non-trading from now on.

### **Future developments**

As the investments have been reduced to nil it is envisaged that the Company will be classed as non-trading from now on.

### **Financial risk management**

The principal risks and uncertainties are integrated with the principal risks of the Centrica plc group ("the Group") and are not managed separately. The principal risks of the Group are set out on pages 36-40 of the 2011 annual report and accounts of the Centrica plc, which does not form part of this report.

The Directors of the Group have established objectives and policies for managing financial risks to enable the Group and the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

### **Key performance indicators**

The Directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development and performance of the Group, which includes the Company, are discussed on pages 12-13 of the 2011 annual report and accounts of the Group which does not form part of this report.

### **Results and dividends**

The results of the Company are set out on page 4.

The profit on ordinary activities after taxation for the year ended 31 December 2011 is £169,000 (2010 £163,000). An interim dividend of £1,540,958 was paid to GB Gas Holdings Limited, a subsidiary company (2010 £nil).

### **Financial position**

The financial position of the Company is presented in the balance sheet on page 5. The shareholders' funds at 31 December 2011 were £18,000 (2010 £3,856,000).

### **Directors**

The following served as Directors during the year and up to the date of signing this report:

Centrica Directors Limited  
Pamela Coles

### **Directors' and officers' liability**

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.

## **Centrica Electric Limited**

### **Directors' report for the year ended 31 December 2011 (continued)**

#### **Creditor payment policy**

It is the Company's policy to pay all of its creditors in accordance with the policies set out below

- i) agree the terms of payment in advance with the supplier,
- ii) ensure that suppliers are aware of the terms of payment, and
- iii) pay in accordance with contractual and other legal obligations

#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors 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 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 the 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.

#### **Auditors**

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.

This report was approved by the Board on 27 June 2012



For and on behalf of Centrica Secretaries Limited  
Company Secretary

Company No 03275458 registered in England and Wales

Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

## **Centrica Electric Limited**

### **Independent auditors' report to the members of Centrica Electric Limited**

We have audited the financial statements of Centrica Electric Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of Directors and auditors**

As explained more fully in the statement of Directors' responsibilities set out on page 2 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). 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.

#### **Scope of the audit of the financial statements**

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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 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.

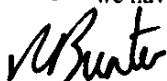
#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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 or,
- certain disclosures of Directors' remuneration specified by law are not made or,
- we have not received all the information and explanations we require for our audit.



Richard Bunter (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Hull  
29 June 2012

## Centrica Electric Limited

### Profit and loss account for the year ended 31 December 2011

	Note	2011 £000	2010 £000
<b>Turnover</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>		<u>-</u>	<u>-</u>
Other operating income	6	145	145
<b>Operating profit</b>	3	<u>145</u>	<u>145</u>
Interest receivable and similar income	7	24	18
<b>Profit on ordinary activities before taxation</b>		<u>169</u>	<u>163</u>
Tax on profit on ordinary activities	8	-	-
<b>Profit for the financial year</b>	12	<u><u>169</u></u>	<u><u>163</u></u>

The Company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented (2010 £nil)

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents (2010 £nil)

All results in the current year and prior year relate to continuing operations

The notes on pages 6 to 10 form part of these financial statements

# Centrica Electric Limited

## Balance sheet as at 31 December 2011

	Note	2011 £000	2010 £000
<b>Fixed assets</b>			
Investments	9	-	2,466
<b>Current assets</b>			
Debtors	10	18	1,390
<b>Net current assets</b>		<u>18</u>	<u>1,390</u>
<b>Total assets less current liabilities</b>		<u>18</u>	<u>3,856</u>
<b>Net assets</b>		<u>18</u>	<u>3,856</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	18	1,390
Other reserves	12	-	2,466
<b>Total shareholders' funds</b>	13	<u>18</u>	<u>3,856</u>

The notes on pages 6 to 10 form part of these financial statements

The financial statements on pages 4 to 10 were approved and authorised for issue by the Board of Directors on 27 June 2012 and were signed on its behalf by



**Pamela Coles**  
Director

# **Centrica Electric Limited**

## **Notes to the financial statements for the year ended 31 December 2011**

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

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and the applicable United Kingdom accounting standards. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### **Investments**

Fixed asset investments are shown at fair value on inception less any provision for impairment.

#### **Dividends**

Irredeemable preferential dividends received are recognised as other income in the profit and loss account when they become payable.

#### **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.

### **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 1 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

### **3. Operating profit**

Auditors' remuneration totalling £nil (2010: £300) relates to fees for the audit of the UK GAAP statutory accounts of Centrica Electric Limited and includes fees in relation to the audit of IFRS Group consolidation schedule, for the purpose of the Centrica group audit, which also contribute to the audit of Centrica Electric Limited. The auditors' remuneration is borne by the parent undertaking.

### **4. Directors' emoluments**

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other Centrica plc subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements.

### **5. Employee information**

The Company had no direct employees in both periods.



## **Centrica Electric Limited**

### **Notes to the financial statements for the year ended 31 December 2011 (continued)**

#### **6. Other operating income**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Preference share dividends receivable	<u><b>145</b></u>	<u><b>145</b></u>

Preference share dividends receivable relate to irredeemable preference shares held in Centrica Barry Limited, a fellow subsidiary company

#### **7. Interest receivable and similar income**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from Group undertakings	<u><b>24</b></u>	<u><b>18</b></u>

# Centrica Electric Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 8. Tax on profit on ordinary activities

	2011 £000	2010 £000
<b>Current tax:</b>		
UK corporation tax at 26.5% (2010: 28%)	-	-
<b>Total tax charge on profit on ordinary activities</b>	<b>-</b>	<b>-</b>

The tax assessed for the year differs from that calculated at the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below

	2011 £000	2010 £000
<b>Profit on ordinary activities before tax</b>	<b>169</b>	<b>179</b>
Profit on ordinary activities multiplied by standard rate in the UK of 26.5% (2010: 28%)	45	50
Effects of		
Income not subject to tax	(39)	(50)
Group relief for nil consideration	(6)	(5)
UK-UK transfer pricing adjustment	-	5
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

A number of changes to the UK corporation tax system were announced in the March 2011 and the March 2012 Budget Statements. The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012. Further reductions to the main rate are proposed to further reduce the rate by 1% per annum to 22% by 1 April 2014. The impact of these proposed changes on the financial statements would be £nil since the company has no deferred tax balances.

## Centrica Electric Limited

### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 9. Investments

	2011 £000	2010 £000
Cost or fair value		
At 1 January and 31 December	<u>-</u>	<u>2,466</u>

Other investments represent 100% of the issued irredeemable £0.01 preference share capital of Centrica Barry Limited. The shares were received for nil consideration and were recognised at fair value on inception, being the present value of future dividends receivable at the date of issue. GB Gas Holdings Limited, the Company's immediate parent undertaking, owns 100% of the issued ordinary share capital of the Company.

On 20th December 2011 Centrica Barry Limited passed a special resolution whereby it cancelled 100% of its preference shares. As a result the investment in Centrica Barry was reduced to nil with the write down being set against the unrealised gain which was accounted for in other reserves and was recognised on inception.

#### 10. Debtors

	2011 £000	2010 £000
Amounts owed by fellow Group undertakings	<u>18</u>	<u>1,390</u>

The amounts owed by Group undertakings include £nil (2010: £1,147,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.71% and 2.71% per annum during 2011 (2010: 1.32% and 2.11%). The other amounts owed by Group undertakings are interest-free. All amounts owed by Group undertakings are unsecured and repayable on demand.

#### 11. Called up share capital

	2011 £	2010 £
Issued, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

## Centrica Electric Limited

### Notes to the financial statements for the year ended 31 December 2011 (continued)

#### 12. Reserves

	Profit and loss account £000	Other reserves £000	Total £000
At 1 January 2011	1,390	2,466	3,856
Retained profit for the year	169	-	169
Dividends	(1,541)	-	(1,541)
Cancellation of preference shares	-	(2,466)	(2,466)
<b>At 31 December 2011</b>	<b>18</b>	<b>-</b>	<b>18</b>

Other reserves comprised an unrealised gain on shares acquired in Centrica Barry Limited. During the year Centrica Barry Limited passed a special resolution whereby it cancelled its preference shares. The write down of the investment was set against the unrealised gain recognised on acquisition (see note 9).

#### 13. Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Profit for the financial year	169	163
Cancellation of preference shares	(2,466)	-
Dividends	(1,541)	-
Opening shareholders' funds	3,856	3,693
<b>Closing shareholders' funds</b>	<b>18</b>	<b>3,856</b>

#### 14. Ultimate parent undertaking

The Company's immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated financial statements. Copies of the Centrica plc consolidated financial statements may be obtained from [www.centrica.com](http://www.centrica.com).