Centrica Storage Limited
Annual Report for the Year Ended 31 December 2009

Registered number: 3294124

Directors' report for the year ended 31 December 2009

The directors present their Report and the audited financial statements of Centrica Storage Limited (the "Company") for the year ended 31 December 2009

Principal activities

The principal activity of the Company is the storage of gas in the United Kingdom which, for the purposes of the Companies Act 2006, constitutes one class of business The Company operates the Rough storage facility, which is a partially depleted gas field in the United Kingdom

Business review

The Company reported a post tax profit of £186 million (2008 £178 million) This increase reflects good performance in the optimisation activity and an increase in the average Standard Bundled Unit (SBU) price for the financial year, up marginally to 44 2 pence (2008 43 8 pence) driven by a wider spread between summer and winter forward gas prices

The Rough storage facility demonstrated exceptional operational performance during 2009 with reliability in excess of 98 percent Asset utilisation was very high during early 2009 due to colder than normal weather and supply concerns caused by the dispute between Russia and the Ukraine At the end of February, we recorded the lowest Net Reservoir Volume (NRV) ever seen at that point in the production season Then from April through to November sustained injection, combined with enhanced injection capability created through continued capital investment, resulted in the reservoir reaching its highest ever NRV during November

Financial results

The financial position of the Company is presented in the balance sheet on page 8 Shareholder's funds at 31 December 2009 were £1,251 million (2008 £1,214 million)

The retained profit for the year of £186 million has been transferred to reserves (2008 £178 million)

Dividends

The directors declared and paid a £150 million dividend during the year (2008 nil)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks Further discussion of these risks and uncertainties in the context of Centrica plc (the "Group") as a whole is provided on pages 82 to 86 of the Centrica plc Annual Report and Accounts 2009 The key business risks and uncertainties affecting the Company have been highlighted below

Financial risk management

The directors have established objectives and policies for managing financial risks, to enable Centrica Storage Limited to achieve long-term shareholder value growth within a prudent risk management framework These objectives and policies are regularly reviewed

The Centrica Storage group of companies has a Financial Risk Management Committee which meets on a regular basis

Directors' report for the year ended 31 December 2009 (continued)

Liquidity risk

Cash forecasts identifying the liquidity requirements of the Company are produced frequently and monitored by the directors However, due to the timing of cash payments and cash receipts liquidity is not a major risk for the Company

Counterparty credit risk

The directors' policy is to limit counterparty exposures by setting credit limits for each counterparty, where possible by reference to published credit ratings Exposures are measured in relation to the nature, market value and maturity of each contract or financial instrument Energy trading activities are undertaken with counterparties for whom specific credit limits are set All contracted and potential exposures are reported to the Financial Risk Management Committee

Commodity price risk

The key commodity price risk facing the Company is movement in gas prices The Company's policy is to minimise the exposure arising from the expected future gas requirement The Company aims to manage its risk by entering into forward gas purchase and sales contracts at fixed prices The Financial Risk Management Committee regularly monitors the extent of the Company's commodity price exposure

At 31 December 2009 the net fair value of energy derivatives was an asset of £20 million (2008 a liability of £12 million), consisting of an asset of £41 million (2008 £45 million) and a liability of £21 million (2008 £57 million) Energy derivatives are not recognised at fair value in the financial statements

Operational risk

The Company is exposed to operational and health and safety risk through its operation of the Rough storage asset Through the use of an Integrated Management System the company identifies the hazards and assesses the risks associated with its activities and decisions on a continuous basis Through the assessment of the risk the Company ensures appropriate measures are in place to mitigate or manage those risks so as to prevent / reduce the impact of potential accidents or incidents on people and the business

Key performance indicators (KPIs)

The directors consider that the most significant KPI for the business is the price obtained for SBUs SBU prices obtained were

For the period ended 31 December	2009	2008	Movement %
Average SBU price (calendar year) (pence)	44 2	43 8	(0 9)

Future developments

Looking forward, the Company's priorities remain the active management of Health, Safety, Environmental, Operational and Regulatory Risk, while seeking value-adding opportunities through investment in the Rough asset and the marketing of storage services

Directors' report for the year ended 31 December 2009 (continued)

Directors

The following served as directors during the year and up to the date of signing these financial statements

I G Dawson
G S Collinson
S H Wills

At no time during the year ended 31 December 2009 did any director have any interests in the shares of the Company (2008 nil) or any other company within the Group, except for interests in and options over the shares and interests of the ultimate parent company, Centrica plc

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

Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard 8 "Related Party Disclosures" from disclosure of transactions with other Centrica Group companies Except for any related party disclosures disclosed in the Centrica plc Annual Report and Accounts 2009, there have been no other disclosable related party transactions during the year (2008 nil)

Creditor payment policy

The Company aims to pay all of its creditors promptly For trade creditors, it is the Company's policy to

i) agree the terms of payment at the start of business with that supplier,

ii) ensure that suppliers are aware of the terms of payment, and

iii) pay in accordance with contractual and other legal obligations

The Company had 31 days' purchases outstanding as at 31 December 2009 (2008 48 days) based on the average daily amount invoiced by suppliers during the year

Employees

The Company had an average of 224 employees at 31 December 2009 (2008 199), all of whom were based in the UK For employees of the Company there are well established and effective arrangements through electronic mail and the Company's intranet and in-house publications, as well as videos and briefing meetings at each business location, for communication of the Company's results and significant business issues When necessary, consultation with employee and trade union representatives also takes place

The Company takes a positive approach to equality and diversity The Company achieves this by using appropriate recruitment and selection techniques, ensuring equality of employment opportunity and equal access to development opportunities

The Company is also committed to providing a work environment free from harassment and discrimination and remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development Every effort is made to find appropriate alternative jobs for those who are unable to continue in their existing job due to disability

Directors' report for the year ended 31 December 2009 (continued)

Charitable and political donations

The Company made £12,000 in charitable donations during the year (2008 £12,000) No political donations were made during 2009 (2008 nil)

Directors' liability

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

Events after the reporting period

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital A Special Resolution was passed by the Company's sole member on 17 February 2010 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association

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 elected to prepare 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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

The directors are responsible for the maintenance and integrity of the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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 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

Directors' report for the year ended 31 December 2009 (continued)

Auditors

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

The Board approved this report on 22 June 2010

Julia Foo
Company Secretary

Date 22 June 2010

Registered office
Venture House
42-54 London Road
Staines
Middlesex
TW18 4HF

Independent auditors' report to the members of Centrica Storage Limited

We have audited the financial statements of Centrica Storage Limited (the "Company") for the year ended 31 December 2009 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 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 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

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 2009 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

John Maitland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
22 June 2010

Profit and Loss Account

For the year ended 31 December 2009

	Notes	2009 £million	2008 £million
Turnover	2	**263**	244
Employee costs	5	**(18)**	(15)
Other operating costs	3	**(82)**	(72)
Operating costs		**(100)**	(87)
Operating profit	3	**163**	157
Net interest receivable	7	**38**	37
Profit on ordinary activities before taxation		**201**	194
Taxation on ordinary activities	8	**(15)**	(16)
Profit for the financial year	18	**186**	178

All amounts included in the Profit and Loss Account are derived from continuing operations

There are no recognised gains and losses other than those reported in the Profit and Loss Account Therefore no separate statement of recognised gains and losses has been prepared

The notes on pages 9 to 20 form part of these financial statements

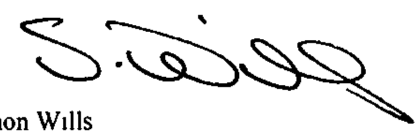
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historic cost equivalent

Balance Sheet

As at 31 December 2009

	Notes	2009 £million	2008 £million
Fixed assets			
Tangible assets	9	**485**	486
Intangible assets	10	**2**	-
Investments	11	**4**	4
		491	490
Current assets			
Stocks	12	**26**	23
Debtors (amounts falling due within one year)	13	**1,045**	1,060
Cash at bank and in hand		**4**	1
		1,075	1,084
Creditors (amounts falling due within one year)	14	**(200)**	(242)
Net current assets		**875**	842
Total assets less current liabilities		**1,366**	1,332
Provisions for liabilities and charges – deferred tax	15/16	**(115)**	(118)
Net assets		**1,251**	1,214
Capital and reserves			
Called up share capital	17	**463**	463
Profit and Loss Account	18	**788**	751
Equity shareholder's funds	19	**1,251**	1,214

These financial statements on pages 7 to 20 were approved and authorised for issue by the Board of Directors on 22 June 2010 and were signed on its behalf by



Simon Wills
Director
22 June 2010

The notes on pages 9 to 20 form part of these financial statements

The Company's registered number is 3294124

Notes to the financial statements

1 Principal 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 applicable UK accounting standards

Exemptions

The Company has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard 1 (Revised 1996) "Cashflow Statements", and accordingly has not prepared a cashflow statement The Company has also taken advantage of the exemptions within Financial Reporting Standard 8 "Related Party Disclosures" from disclosure of transactions with other Group companies as it is a wholly owned subsidiary of a company whose Financial Statements are publicly available and which include the results of the Company

The Company has taken advantage of the exemption available in the Companies Act 2006, and accordingly has not prepared consolidated Financial Statements for the year ended 31 December 2009

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses Depreciation is calculated so as to write off the cost of tangible fixed assets, on a straight line basis over the expected useful economic lives of the assets concerned Estimated useful economic lives by category are

Storage facilities	Up to 24 years
Buildings	Up to 24 years
IT equipment (included in other)	3 years
Other	Up to 24 years

Freehold land is not depreciated

Subsequent expenditure (such as major overhauls and inspections) which aims to maintain the tangible fixed asset to its previously assessed standard of performance is capitalised and included in storage facilities

Impairment losses or impairment write backs of fixed assets are calculated as the difference between the carrying values of income generating units and the estimated value in use at the date the impairment or write back is recognised Value in use represents the net present value of expected future cashflows discounted on a pre-tax basis Impairment losses and the write back of fixed assets are recognised in the Profit and Loss Account in the year in which they occur

Intangible assets

Intangible fixed assets acquired separately are measured on initial recognition at cost Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses Intangible assets are derecognised on disposal, or when no future economic benefits are expected from their use Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired

Granted CO_2 emissions allowances received in a period are recognised initially at nominal value (nil value) Purchased CO_2 emissions allowances are recognised initially at cost (purchase price) within intangible assets A liability is recognised when the level of emissions exceeds the level of allowances granted The liability is measured at the cost of purchased allowances held, and then at the market price of allowances ruling at the Balance Sheet date, with movements in the liability recognised in operating profit Where the intangible asset is surrendered at the end of the compliance period it is written off to reflect the consumption of economic benefits at that point in time

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Investments

Fixed asset investments are shown at cost less any provision for impairment

Stocks

Stocks are valued at the lower of weighted average cost and net realisable value

Turnover recognition

Turnover is shown exclusive of value added tax and represents amounts receivable for sales of storage and gas Storage capacity revenues are recognised evenly over the contract period, whilst storage commodity revenues are recognised at the point of gas flowing into or out of the storage facilities Sales of gas are recognised in the period in which the gas is delivered

Centrica Storage enters into gas sales and gas purchases as part of its normal trading activity to optimise the performance of the storage facility Sales and purchases relating to this optimisation activity are presented net within revenue

Current 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 substantively enacted by the balance sheet date

Deferred taxation

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

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

Deferred tax is not recognised when fixed assets are re-valued unless by the balance sheet date there is a binding agreement to sell the re-valued assets and the gain or loss expected to arise on sale has been recognised in the Financial Statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

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

Leases

Rentals under operating leases are charged to the Profit and Loss Account as incurred

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Pensions

The Company's employees participate in a number of the Group's defined benefit pension schemes as described in note 36 (pages 136 to 139) of the Centrica plc Annual Report and Accounts 2009 The Company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and therefore accounts for the schemes as if they were defined contribution schemes The charge to the Profit and Loss Account is equal to the contributions payable to the schemes in the accounting period, which are based on pension costs across the Group as a whole

Financial instruments: disclosure and presentation

All financial assets and liabilities are presented gross on the face of the Balance Sheet unless the Company has a legally enforceable right to net off the recognised amounts and it intends to settle on a net basis

The Company is exempted by FRS 29 from providing detailed disclosures in respect of its financial instruments because the Company is included within the Group's consolidated financial statements and its financial instruments are incorporated into disclosures in note 4 (page 74 to 79) of the Centrica plc Annual Report and Accounts 2009

Energy derivatives are accounted for under the accruals basis and not fair valued in the financial statements as the Company has not elected to apply FRS 26 Financial Instruments

Share schemes

The Group has a number of employee share schemes, detailed in the Remuneration Report on pages 45 to 59 of the Centrica plc Annual Report and Accounts 2009 and in note 35 (pages 129 to 135) of the Centrica plc Annual Report and Accounts 2009, under which it makes equity-settled share-based payments to certain employees Equity-settled share-based payments are measured at fair value at the date of grant (excluding the effect of non market-based vesting conditions) The fair value determined at the grant date is expensed on a straight line basis together with a corresponding increase in equity over the vesting period, based on the Group's estimate of the number of shares that will vest and adjusted for the effect of non market-based vesting conditions

Fair value is measured using methods appropriate to each of the different schemes as follows

LTIS awards up to 2005	A Black-Scholes valuation augmented by a Monte Carlo simulation to predict the total shareholder return performance
LTIS EPS awards from 2005	Market value on the date of grant
LTIS TSR awards from 2005	A Monte Carlo simulation to predict the total shareholder return performance
Sharesave	Black-Scholes
ESOS	Black-Scholes using an adjusted option life assumption to reflect the possibility of early exercise
Share Award Scheme	Market value on the date of grant
DMSS	Market value on the date of grant

Notes to the financial statements (continued)

2 Turnover

	2009 £million	2008 £million
Storage	**243**	242
Net gas sales	**20**	2
	263	244

Centrica Storage enters into gas sales and gas purchases as part of its normal trading activity to optimise the performance of the storage facility Sales and purchases relating to this optimisation activity are presented net within revenue

3 Operating profit

(i) Operating profit is stated after charging

	2009 £million	2008 £million
Depreciation of tangible assets	**28**	26
Impairment of intangible assets	**1**	-

Auditors' remuneration of £57,386 relates to fees for the audit of the UK GAAP statutory accounts of Centrica Storage Limited and includes fees in relation to the audit of the IFRS group consolidation schedules, for the purpose of the Centrica Group audit, which also contribute to the audit of Centrica Storage Limited In 2008, auditors' remuneration of £50,036 was borne by Centrica plc

The impairment loss recognised during the year relates to EU Emissions Allowances and Certified Emission Reduction contracts held by the Company as required by legislation in order to operate the business These contracts are carried at cost and due to a substantial decrease to the market value of these contracts during the year an impairment loss has been recognised to write down the assets to recoverable amount being fair value less costs to sell Fair value was determined with reference to an active market

(ii) Other operating costs include direct costs of operating the storage facilities owned during the year

Notes to the financial statements (continued)

4 Share based payments

Employee share schemes are designed to encourage participants to align their objectives with those of shareholders Centrica operates nine main employee share schemes the Deferred and Matching Share Scheme (DMSS), the Executive Share Option Scheme (ESOS), the Long Term Incentive Scheme (LTIS), Sharesave, the Share Award Scheme (SAS), the Restricted Share Scheme (RSS), the Share Incentive Plan (SIP), Deferred Bonus Plan (DBP) and the Direct Energy Employee Share Purchase Plan (ESPP) These are described in the Share-based payments note on pages 129 to 135 of the Centrica plc Annual Report and Accounts 2009 Employees as at 31 December 2009 were members of 5 of the 9 schemes in the Centrica plc group LTIS, SAS, RSS, Sharesave and SIP The nature and extent of the share based payment arrangement that existed in the period is immaterial to the financial statements There were no other share based payment transactions during the period

5 Employee costs

Employee costs are as follows

	2009 £million	2008 £million
Wages and salaries	**12**	10
Social security costs	**1**	1
Other pension and retirement benefit costs (note 21)	**2**	2
Incentive pay Scheme	**1**	1
Bonuses	**2**	1
	18	15

Average number of employees during the year

	2009 Number	2008 Number
By activity		
Offshore	**81**	73
Onshore	**56**	55
Support	**87**	71
	224	199

Notes to the financial statements (continued)

6 Directors' emoluments

	2009 £million	2008 £million
Fees and salaries	0 22	0 26
Pension scheme contributions	0 04	0 22
	0.26	0 48

During the year, one director was paid directly by the Company as the other directors are paid by fellow Group undertakings It is not possible to make an accurate apportionment of the other directors' emoluments and accordingly the Profit and Loss Account includes no amounts for these individuals

The emoluments and pension contributions for the highest paid director during the year were respectively £222,566 and £45,731 (2008 £194,264 and £211,818)

One director accrued retirement benefits under defined benefit pension schemes during the year (2008 2)

7 Net interest receivable

	2009 £million	2008 £million
Interest receivable from Group undertakings	38	37

Notes to the financial statements (continued)

8 Taxation on ordinary activities

	2009 £000	2008 £000
(a) Analysis of tax charge in the period		
The tax (credit)/charge comprises of		
Current tax		
UK corporation tax at 28% (2008 28 5%) based on profit/(loss) for the period	**57**	39
Adjustments in respect of prior years	**(39)**	(20)
Total current tax	**18**	19
Deferred tax (note 14 & 15)		
Effect of change to the deferred tax rate	-	-
Origination and reversal of timing differences	**(3)**	(3)
Adjustments in respect of prior years	-	-
Total deferred tax	**(3)**	(3)
Tax on profit on ordinary activities	**15**	16

(b) Factors affecting the tax charge for the year

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

	2009 £million	2008 £million
Profit on ordinary activities before tax	**201**	194
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 28 5%)	**56**	55
Effects of:		
Depreciation in excess of capital allowances	**2**	3
Other timing differences	**1**	-
Group relief for nil consideration	**(2)**	(19)
Adjustments to tax charge in respect of previous periods	**(39)**	(20)
Current taxation charge for the year	**18**	19

Deferred tax liabilities have not been discounted

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008 Accordingly the Company's profits for the period are taxed at an effective rate of 28%

Notes to the financial statements (continued)

9 Tangible fixed assets

	Freehold Land and Buildings £million	Gas Storage Plant and Facilities £million	Other £million	**Total £million**
Cost				
As at 1 January 2009	9	1,108	14	**1,131**
Additions	-	27	-	**27**
As at 31 December 2009	9	1,135	14	**1,158**
Accumulated Depreciation				
As at 1 January 2009	(5)	(629)	(11)	**(645)**
Charges for the year	-	(25)	(3)	**(28)**
As at 31 December 2009	(5)	(654)	(14)	**(673)**
Net book value as at 31 December 2009	**4**	**481**	**-**	**485**
Net book value as at 31 December 2008	4	479	3	486

10 Intangible fixed assets

	2009 £million	2008 £million
Cost		
1 January	**-**	-
Additions	**4**	-
Disposals	**(1)**	-
Cost as at 31 December	**3**	-
Impairments (note 3)	**(1)**	-
Net book value as at 31 December	**2**	-

Intangible assets comprise purchased EU Emissions Allowances (EUA) and Certified Emission Reduction contracts (CER) held by the Company The EUAs and CERs are not amortised but are written off to reflect the consumption of economic benefits when surrendered at the end of the compliance period

11 Investments

	2009 £million	2008 £million
Cost:		
As at 1 January	4	4
Additions	-	-
Disposals	-	-
As at 31 December	**4**	4

Notes to the financial statements (continued)

11 Investments (Continued)

Investments relate to the following subsidiary undertakings

Centrica Offshore UK Limited

Centrica Storage Limited owns 100 percent of the allotted ordinary share capital of Centrica Offshore UK Limited, which comprises of 4 5 million shares of nominal value of £1 Centrica Offshore UK Limited is a trading company and is incorporated in England and Wales

12 Stocks

	2009 £million	2008 £million
Gas stocks	25	22
Engineering stocks	1	1
	26	23

13 Debtors (amounts falling due within one year)

	2009 £million	2008 £million
Amounts owed by Group undertakings	980	982
Other debtors	1	2
Prepayments and accrued income	64	76
	1,045	1,060

Amounts owed by Group undertakings include £980 million (2008 £982 million) of deposits with Group treasury which are unsecured, have no fixed date of repayment, and bear interest at LIBOR

14 Creditors (amounts falling due within one year)

	2009 £million	2008 £million
Trade creditors	7	7
Amounts due to Group undertakings	94	100
Taxation and social security	66	50
VAT	2	4
Other creditors	4	-
Accruals and deferred income	27	81
	200	242

Amounts due to Group undertakings are repayable on demand and do not bear interest

Notes to the financial statements (continued)

15 Provisions for liabilities and charges

	Deferred Taxation £million	Total £million
As at 1 January 2009	118	118
Profit and Loss Account	(3)	(3)
As at 31 December 2009	**115**	**115**

The provision for deferred taxation relates solely to amounts due after more than one year

16 Deferred taxation

Deferred corporation tax provision/(asset) at 28% (31 December 2008 28%) is analysed as follows

	As at 1 January 2009 £m	Profit and loss charge/(credit) £m	As at 31 December 2009 £m
Deferred corporation tax			
- accelerated capital allowances	118	(3)	115
- other timing differences	-	-	-
	118	(3)	115

There are no amounts of deferred tax unprovided (2008 nil)

17 Called up share capital

	2009 £million	2008 £million
Authorised		
500,000,000 Ordinary shares of £1 each	500	500
Allotted, called up and fully paid		
463,256,732 Ordinary shares of £1 each	463	463

Notes to the financial statements (continued)

18 Reserves

	Profit & Loss Account £million
Balance as at 1 January 2009	751
Transfer to Profit and Loss Reserve for the year	186
Less dividend paid	(150)
Share options reserve	1
Balance as at 31 December 2009	**788**

19 Reconciliation of movements in equity shareholder's funds

	2009 £million	2008 £million
Profit for the financial year	186	178
Share options reserve	1	-
Dividend paid	(150)	-
Shareholder's funds as at 1 January	1,214	1,036
Shareholder's funds as at 31 December	**1,251**	1,214

20 Commitments

Commitments for the following year under operating leases are as follows

	31 Dec 2009 Land & Buildings £million	31 Dec 2009 Other £million	**31 Dec 2009 Total £million**	31 Dec 2008 Total £million
Expiring				
Less than one year	-	-	-	1
Between two years and five years	1	1	**2**	2
More than five years	1	1	**2**	5
	2	2	**4**	8

The Company had capital commitments for future and other capital expenditure not provided in the financial statements of £2 million at 31 December 2009 (2008 £7 million)

Notes to the financial statements (continued)

21 Pensions

Centrica plc Group Pension Schemes

The majority of the Company's employees as at 31 December 2009 were members of two of the three main schemes in the Centrica plc Group, the Centrica Pension Scheme and the Centrica Management Pension Scheme

These schemes are funded defined benefit schemes and their assets are held in separate trustee administered funds However, it is not possible on a reasonable and consistent basis to identify the Company's share of the underlying assets and liabilities within these schemes, and therefore, as allowed within FRS17, these schemes have been treated for disclosure purposes as defined contribution schemes The aggregate contribution to the schemes by the Company during the year was £1 6 million (2008 £1 8 million) The amount outstanding at the balance sheet date was nil (2008 nil) The latest actuarial valuation of the schemes, updated for the purposes of FRS17, shows a total deficit of £367 million (2008 deficit of £96 million) Net of deferred tax the total deficit is £264 million (2008 deficit of £70 million) These pension schemes are included on a consolidated basis within the Group Financial Statements of Centrica plc as prepared under IFRS

The liabilities under the pension schemes will be paid out over an extended period The Company is contributing to the pension fund on the basis of actuarial advice as to the amounts required to meet these liabilities in full

22 Events after the reporting period

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital A Special Resolution was passed by the Company's sole member on 17 February 2010 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association

23 Ultimate parent company

Centrica plc, a company registered in England and Wales is the ultimate holding company and ultimate controlling party Centrica plc has a 100 percent interest in the equity share capital of Centrica Holdings Limited Centrica Holdings Limited in turn owns 100 percent of the issued share capital of GB Gas Holdings Limited GB Gas Holdings Limited owns 100 percent of the issued share capital of Centrica Storage Holdings Limited Centrica Storage Holdings Limited has a 100 percent interest in the equity share capital of Centrica Storage Limited and is the Company's immediate parent undertaking

Centrica plc is the parent company of the largest and smallest Group for which consolidated financial statements are drawn up Copies of the ultimate parent company's consolidated financial statements can be obtained from Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD or www centrica com