

Centrica Langage Limited

Annual report  
For the year ended 31 December 2005

Registered Number: 3462783



# **Centrica Langage Limited**

## **Annual report for the year ended 31 December 2005**

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# Centrica Langage Limited

## Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements of Centrica Langage Limited ("the Company") for the year ended 31 December 2005.

### Principal activities and review of business

The principal activity of the Company is the development of an 800MW gas-fired electricity generating facility at Langage Energy Park in Plymouth, Devon.

During the year the Company continued to maintain the site in line with the requirements laid out in the consents. In 2006 contracts for the construction of the power station have been awarded and the development is expected to continue throughout 2006 and 2007.

### Financial results and dividends

The loss on ordinary activities after taxation for the year ended 31 December 2005 was £501,000 (2004: £nil).

No dividends were paid for the year ended 31 December 2005 (2004: £nil).

### Directors

The following served as directors throughout the year:

Simon Clark  
Michael Garstang  
Alan Bennett  
Gearoid Lane  
Sauwjit Sambhi (resigned 28 April 2005)

At no time during the year ended 31 December 2005 did any director have any interests in the shares of the Company (2004: nil) or any other company in the Centrica group except for interests in, and options over, the shares and interests of the ultimate parent Company, Centrica plc.

### Directors' interests in shares (as defined by Section 325 of the Companies Act 1985)

The directors with interests in and options over the ordinary shares of Centrica plc at the year end are as follows:

#### Beneficial interests in ordinary shares

	As at 31 December 2005	As at 31 December 2004
Simon Clark	5,829	18,128
Michael Garstang	12,541	-
Gearoid Lane	13,246	7,263
Alan Bennett	16,922	2,077

The above figures include shares held under the terms of the Centrica Share Incentive Plan.

# Centrica Langage Limited

## Directors' report for the year ended 31 December 2005 (continued)

### Centrica Sharesave scheme

	As at 31 December 2004	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2005
Simon Clark	11,168	-	-	-	11,168
Gearoid Lane	5,294	-	-	-	5,294
Alan Bennett	8,823	-	-	-	8,823

### Centrica Long term Incentive scheme (LTIS)

	As at 31 December 2004	Allocations granted during the year	Allocations vested during the year	Allocations lapsed during the year	As at 31 December 2005
Simon Clark	70,078	20,467	18,170	1,968	70,407
Michael Garstang	94,377	25,147	36,609	4,664	78,251
Gearoid Lane	93,985	25,912	35,565	4,509	79,823
Alan Bennett	131,448	34,966	40,801	5,209	120,404

Total allocations as at 31 December 2005 shown above are subject to challenging performance conditions. At the end of the performance period the Total Shareholder Return of Centrica plc will be assessed against that of the relevant LTIS comparator group. If, and to the extent that, the performance conditions are met, the relevant number of shares will be released to the directors at the Trustee's discretion as soon as practicable thereafter.

### Centrica Executive Share Option scheme (ESOS)

	As at 31 December 2004	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2005
Alan Bennett	169,298	69,932	-	-	239,230

Under the terms of the ESOS a further grant of options over shares was made on 1 April 2005 at an option price of 228 pence per share.

A conditional allocation of shares was made under the terms of the scheme on 1 April 2005 at a price of 228 pence per share.

# **Centrica Langage Limited**

## **Directors' report for the year ended 31 December 2005 (continued)**

Options were granted under the terms of the ultimate parent company's ESOS, and allocations made under the terms of the LTIS. Details of these schemes and the Share Incentive Plan can be found in the 2005 accounts of Centrica plc, copies of which can be obtained from [www.centrica.com](http://www.centrica.com).

The middle market price of a Centrica plc ordinary share on the last day of trading of 2005 (30 December) was 254.75 pence. The range during the year was 264.75 pence (high) and 217.50 pence (low).

As at 31 December 2005, nil shares and 2,591 shares (1 January 2005: 6,370,264 and 2,548) were held by the respective Trustees of employee share trusts for the purposes of the LTIS and the Share Incentive Plan. As with other employees, the directors are deemed to have a potential interest in those shares, being beneficiaries under the trust.

There were no contracts of significance during or at the end of the financial year to which the Company or any subsidiary and associated undertakings 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 No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica group companies. There have been no disclosable related party transactions during the year (2004: £nil).

### **Creditor payment policy**

The Company aims to pay all of its creditors promptly within the agreed contract terms.

### **Political and charitable donations**

The Company made no political or charitable donations during the year (2004: £nil).

### **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.

### **Financial risk management**

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

### **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 in the year. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 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.

# Centrica Langage Limited

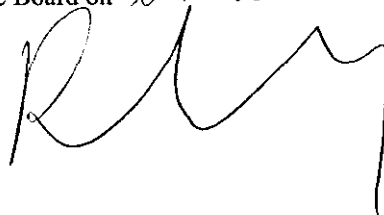
## Directors' report for the year ended 31 December 2005 (continued)

### 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 Board on 30-10-06

For and on behalf of  
Centrica Secretaries Limited  
Secretary



Registered office:

Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# Centrica Langage Limited

## Independent Auditors' report to the Members of Centrica Langage Limited

We have audited the financial statements of Centrica Langage Limited for the year ended 31 December 2005, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss 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

30 October 2006

# Centrica Langage Limited

## Profit and loss account for the year ended 31 December 2005

		Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
	Note		
Administration expenses		(501)	-
<b>Loss on ordinary activities before taxation</b>	3	<b>(501)</b>	-
Tax on profit on ordinary activities	6	-	-
<b>Retained loss for the year</b>	11	<b>(501)</b>	-

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

All above activities relate to continuing operations.

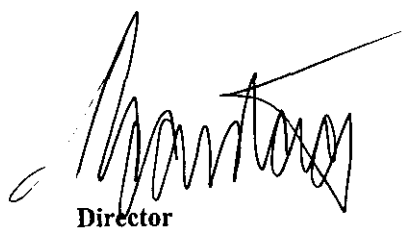


# Centrica Langage Limited

## Balance sheet as at 31 December 2005

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Tangible assets	7	3,338	448
<b>Current assets</b>			
Debtors	8	2,015	3,817
Cash at bank and in hand		-	-
		<u>2,015</u>	<u>3,817</u>
<b>Creditors – amounts falling due within one year</b>	9	(5,666)	(4,077)
<b>Net current liabilities</b>		<u>(3,651)</u>	<u>(260)</u>
<b>Net (liabilities) / assets</b>		<u>(313)</u>	<u>188</u>
<b>Capital and reserves</b>			
Called-up share capital	10	-	-
Other reserves - capital contributions	11	30,342	30,342
Profit and loss account	11	(30,655)	(30,154)
<b>Equity shareholder funds</b>	12	<u>(313)</u>	<u>188</u>

The financial statements on pages 6 to 12 were approved and authorised for issue by the Board of Directors on 30 October 2006 and were signed on its behalf by:



Director

# **Centrica Langage Limited**

## **Notes to the financial statements for the year ended 31 December 2005**

### **1 Principal accounting policies**

#### **Accounting principles**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the applicable Accounting Standards and the Companies Act 1985. The principal accounting policies are set out below.

#### **Tangible fixed assets**

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and provisions for impairment.

Assets in the course of construction represent the cost of purchasing, commissioning, constructing and installing tangible fixed assets ahead of their productive use. At the point of completion of the asset, the associated cost will be transferred to Plant and machinery, at which point the asset will begin to be depreciated on straight line basis over its useful economic life.

#### **Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of fair value less costs to sell and value in use. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

#### **Taxation**

Current tax, being 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 Companies'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 revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax is not 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# **Centrica Langage Limited**

## **Notes to the financial statements for the year ended 31 December 2005 (continued)**

### **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 loss**

2005	2004
£'000	£'000

**Operating loss is stated after charging:**

**Auditors' remuneration:**

Audit services

-	-
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Audit costs are borne by a different Group company, and are not recharged.

### **4 Directors' emoluments**

The directors received no emoluments during the year as they were employed by other Centrica group companies. All of the Directors who served during the period are members of the ultimate parent company's defined benefit pension scheme.

### **5 Employee information**

The Company has no direct employees (2004: nil). Any costs relating to employees are borne by other Centrica group companies.

# Centrica Langage Limited

## Notes to the financial statements for the year ended 31 December 2005 (continued)

### 6 Tax on profit on ordinary activities

	2005 £'000	2004 £'000
<b>The tax charge comprises :</b>		
UK corporation tax at 30% (2004: 30%) based on the loss for the period		
Current	-	-
Deferred - origination and reversal of timing differences	-	-
<b>Total tax on loss on ordinary activities</b>	<b>-</b>	<b>-</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:		
	2005 £'000	2004 £'000
<b>Loss on ordinary activities before tax</b>	<b>(501)</b>	<b>-</b>
Tax on loss on ordinary activities at standard UK corporation tax rate of 30%	(150)	-
Effects of :		
Pre-trading expenditure	150	-
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

### 7 Tangible fixed assets

	Land Assets in the course of construction		Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 31 December 2004	1,707	340	2,047
Additions	-	2,890	2,890
<b>As at 31 December 2005</b>	<b>1,707</b>	<b>3,230</b>	<b>4,937</b>
<b>Accumulated depreciation</b>			
At 31 December 2004	1,599	-	1,599
Charge for the year	-	-	-
<b>At 31 December 2005</b>	<b>1,599</b>	<b>-</b>	<b>1,599</b>
<b>Net book value</b>			
At 31 December 2005	108	3,230	3,338
At 31 December 2004	108	340	448

# Centrica Langage Limited

## Notes to the financial statements for the year ended 31 December 2005 (continued)

### 8 Debtors

	2005 £'000	2004 £'000
Amounts owed by group undertakings	1,694	3,507
Other debtors	321	310
	<u>2,015</u>	<u>3,817</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 9 Creditors - amounts falling due within one year

	2005 £'000	2004 £'000
Bank overdrafts	230	-
Trade creditors	427	59
Amounts owed to group undertakings	4,462	3,556
Other creditors and accruals	547	462
	<u>5,666</u>	<u>4,077</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.  
The bank overdraft is part of a group facility and no interest is recharged to the Company.

### 10 Called-up share capital

	At 31 December 2005 £	At 31 December 2004 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted and fully paid		
20 ordinary shares of £1 each	20	20

# Centrica Langage Limited

## Notes to the financial statements for the year ended 31 December 2005 (continued)

### 11 Reserves

	Capital contributions £'000	Profit and loss account £'000	Total £'000
At 31 December 2004	30,342	(30,154)	188
Retained loss for the year	-	(501)	(501)
At 31 December 2005	<u>30,342</u>	<u>(30,655)</u>	<u>(313)</u>

### 12 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the year	(501)	-
Opening shareholders' funds	<u>188</u>	<u>188</u>
Closing shareholders' funds	<u>(313)</u>	<u>188</u>

### 13 Going Concern

The directors have considered the application of the going concern basis of accounting and believe that for the foreseeable future the Company will have adequate resources to meet its liabilities as they fall due. In making this assessment the directors of the Company have considered the intentions of the directors of Centrica plc, the ultimate parent undertaking, to provide financial support to the Company in the conduct of its ordinary business operations for a period of 12 months from the date of approval of these financial statements.

### 14 Ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Energy Limited.

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