

Registered Number: 03462783

Centrica Langage Limited

Annual report and Financial Statements

For the year ended 31 December 2010

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Centrica Langage Limited

Annual report and Financial Statements for the year ended 31 December 2010

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Centrica Langage Limited

Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of Centrica Langage Limited ("the Company") for the year ended 31 December 2010

Principal activities

The principal activity of the Company is the operation of an 879MW gas-fired electricity generating facility at Langage Energy Centre in Plymouth, Devon

Business review

During the year the Company operated under a capacity tolling agreement with British Gas Trading Limited, which is responsible for energy procurement for the Centrica plc group ("the Group") Trading for the year is in line with directors' expectations

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 20 April 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

Future developments

There are no plans to change the nature of activities in the foreseeable future

Principal risks and uncertainties and financial risk management

The principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately The principal risks of the Group are set out on pages 30-36 of the 2010 annual report and accounts of the Group which does not form part of this report

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 8-9 of the 2010 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 6 During the year the Company made a profit of £33,470,000 (2009 loss of £7,153,000) The profit for the year was after liquidated damages of £13,018,000 (2009 £25,053,000) receivable from contractors after claims against penalty clauses in contracts had been made by the Company

No dividends were paid for the year ended 31 December 2010 (2009 £nil) The directors do not recommend the payment of a final dividend (2009 £nil)

Financial position

The financial position of the Company is presented in the balance sheet on page 7 The shareholders' funds at 31 December 2010 were £19,538,000 (2009 deficit of £13,932,000)

Centrica Langage Limited

Directors' report for the year ended 31 December 2010 (continued)

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.

Directors

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

Graeme Collinson

Tony Jarvis

Sarwjit Sambhi

John Watts

Thomas Hinton

(Appointed 30 June 2010)

James Spence

(Resigned 30 June 2010)

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.

Creditor payment policy

It is the Company's policy to pay all of its creditors in accordance with the policies set out below. Special contractual terms apply for gas and electricity supplies. For all other trade creditors, it is the Company's policy to

- 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.

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 Langage Limited

Directors' report for the year ended 31 December 2010 (continued)

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 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,
- 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.

Centrica Langage Limited

Directors' report for the year ended 31 December 2010 (continued)

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 24 June 2011



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No 03462783

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 2010 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 Directors' Responsibilities Statement set out on page 3 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 2010 and of its loss 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
24 June 2011

Centrica Langage Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	3	50,555	-
Cost of Sales		(34,669)	-
Gross profit		15,886	-
Administrative expenses		(6,461)	(5,451)
Other income	4	17,307	25,053
Operating profit	4	26,732	19,602
Interest payable and similar charges	8	(5,122)	(32)
Profit on ordinary activities before taxation		21,610	19,570
Tax on profit on ordinary activities	9	11,860	(26,723)
Profit / (loss) for the year	18	33,470	(7,153)

The Company has no recognised gains or losses other than the profit / (loss) above, and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the years stated above and their historical cost equivalents

All results relate to continuing operations

The notes on pages 8 to 19 form part of these financial statements

Centrica Langage Limited

Balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	10	352,868	342,415
Current assets			
Stock	11	3,672	2,993
Debtors	12	2,781	9,360
Cash at bank and in hand		320	31
		<u>6,773</u>	<u>12,384</u>
Creditors – amounts falling due within one year	13	(320,965)	(340,800)
Net current liabilities		<u>(314,192)</u>	<u>(328,416)</u>
Total assets less current liabilities		38,676	13,999
Creditors - amounts falling due after more than one year	14	(3,016)	-
Provisions for liabilities	15	(16,122)	(27,931)
Net assets / (liabilities)		<u>19,538</u>	<u>(13,932)</u>
Capital and reserves			
Called up share capital	17	-	-
Other reserves - capital contributions	18	30,342	30,342
Profit and loss account	18	(10,804)	(44,274)
Total shareholders' funds / (deficit)	19	<u>19,538</u>	<u>(13,932)</u>

The notes on pages 8 to 19 form part of these financial statements

The financial statements on pages 6 to 19 were approved by the board of directors on ~~24~~ June 2011 and were signed on its behalf by



Sarwjit Sambhi
Director

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010

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 United Kingdom accounting standards and the Companies Act 2006. The principal accounting policies are set out below.

Basis of preparation

The directors believe that the going concern basis is applicable for the preparation of the financial statements as the ultimate parent company, Centrica plc, has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due. In particular the amounts owed to Group undertakings will not be required to be paid for the foreseeable future.

Turnover

Turnover is recognised on an accruals basis and principally relates to the sale of power generation capacity to a fellow Group undertaking during the year in accordance with the capacity tolling arrangement.

Tangible assets

Tangible assets are included in the balance sheet at historic cost less accumulated depreciation and impairment provisions. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged on all fixed assets other than freehold land.

Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life as follows:

- Power station assets and decommissioning asset 24 years
- Other plant and machinery 3-6 years

For major overhaul costs, depreciation is provided to write off the cost of the assets over their operating lives on an equivalent operating hours basis.

Overhaul costs

The gas turbines, steam turbine and associated generators are covered under an operations and maintenance agreement. The overhaul costs incurred under this agreement are capitalised and depreciated over the life of the agreement. Repairs and other costs not of a capital nature are charged directly to the profit and loss account as incurred.

Liquidated damages

Liquidated damages receivable from contractors in connection with claims against penalty clauses in contracts with them, are recognised as income when the contractors concerned confirm that they accept liability and the directors of the Company consider that there is reasonable certainty that payment will be received.

Stocks

Stocks are stated at the lower of cost incurred in bringing each item to its present location and condition and net realisable value. Provision is made where necessary for obsolete, slow-moving and defective stocks. Cost is determined on an average cost basis.

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

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. Where provision has been made for a diminution in value, but the factors that gave rise to it no longer apply to any extent, then the provision will be written back in accordance with FRS11.

Foreign currency

The financial statements of the Company are presented in sterling, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at either the functional currency rate ruling at the date of the transaction or the rate that they have been hedged at using forward contracts (see 'Financial Instruments' below). Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date or at the hedged currency rate if applicable.

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 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 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.

Financial instruments

The Company has entered into forward contracts to economically hedge its foreign exchange exposure on milestone payments made to foreign suppliers. Changes in the derivatives' fair value are not recognised, but they are disclosed in note 16.

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

Decommissioning provision

Provision is made for the net present value of the estimated cost of decommissioning the power station at the end of its useful life, based on price levels and technology at the balance sheet date

Changes in these estimates and changes to the discount rates are dealt with prospectively. When this provision gives access to future economic benefits, a decommissioning asset is recognised and amortised on a straight-line basis over the useful life of the facility. The unwinding of the discount on the provision is included in the profit and loss account within interest expense.

EU Emissions Trading Scheme

Granted CO₂ emissions allowances received in a period are initially recognized at nominal value (nil value). A liability is recognised when the level of emissions exceeds the level of allowances granted. As part of the tolling arrangement, the tollee must provide the Company with sufficient allowances to meet any shortfall on the settlement date. The liability is measured at the cost of allowances purchased by the tollee, up to the level of purchased allowances physically held, and then at the market price of allowances ruling at the balance sheet date. A matching receivable from the tollee is recognised at the same time.

Community Energy Savings Programme

The Community Energy Savings Programme (CESP) requires certain licensed electricity generators to meet a carbon reduction obligation. As part of the tolling agreement, the tollee must perform qualifying carbon reduction actions in order to discharge the CESP obligation. Where a liability exists at balance sheet date (because the qualifying actions have not fully discharged the obligation), the liability is measured at the estimated future cost of discharging the obligation. A matching receivable from the tollee is recognised at the same time.

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 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc Group.

3 Turnover

All turnover relates to the principal activity of the business and occurs wholly in the United Kingdom.

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

4 Operating profit

	2010 £'000	2009 £'000
Operating profit is stated after charging / (crediting)		
Operating lease rentals - plant and machinery	8	3
Other income - liquidated damages	(13,018)	(25,053)
Other income - Transmission Network Use of System (TNUoS)	(4,290)	-
Depreciation of owned tangible fixed assets (note 10)	22,301	71
Services provided by the Company's auditors:		
Fees payable for the audit	8	8

The other income - liquidated damages of £13,018,000 (2009 £25,053,000) - relates to amounts receivable from contractors in connection with claims against penalty clauses in contracts with them

Auditors' remuneration totalling £8,000 (2009 £8,000) relates to fees for the audit of the UK GAAP statutory financial statements of Centrica Langage 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 Langage Limited

5 Segmental reporting

All activity occurs wholly in the United Kingdom

6 Directors' emoluments

The directors received no emoluments during the year (2009 £nil), as they were employed by other Centrica Group companies. No recharges of emoluments are made to the Company as it is not possible to accurately apportion them and accordingly no amounts are included in the financial statements for these individuals. All of the directors who served during the year are members of the ultimate parent company's defined benefit pension scheme.

7 Employee information

The Company has no direct employees (2009 nil). However, costs amounting to £3,188,000 (2009 £3,021,000) were incurred during the year in respect of an average of 40 (2009 39) staff providing services to Centrica Langage Limited under an employee services agreement with a Centrica Group company.

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

8 Interest payable and similar charges

	2010	2009
	£'000	£'000
Notional interest on decommissioning provision	18	18
National Grid transmission services interest	-	14
Interest payable to Group undertakings	5,104	-
	5,122	32

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

9 Taxation on profit on ordinary activities

	2010	2009
	£'000	£'000
(a) Analysis of tax charge in the period		
The tax charge comprises		
Current tax:		
United Kingdom corporation tax at xx% (2009 28%)	-	-
Deferred tax:		
Effect of change to deferred tax	(550)	-
Origination and reversal of timing differences	10,184	13,021
Adjustments in respect of prior years	(21,494)	13,702
Total deferred tax	(11,860)	26,723
Total tax on profit on ordinary activities	(11,860)	26,723

(b) Factors affecting the tax charge for the period

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 are as follows

	2010	2009
	£'000	£'000
Profit on ordinary activities before tax	21,610	19,570
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	6,051	5,480
Effects of		
Capital allowances in excess of depreciation	(10,200)	(13,036)
Other timing differences	16	15
Permanent differences	1,103	-
Group relief for nil consideration	3,077	9,050
UK UK transfer pricing adjustments	(47)	(1,509)
Current tax charge for the year	-	-

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. An initial reduction of 1% to 27% effective from April 2011 was enacted by Finance (No 2) Act 2010 and is therefore taken into account in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 is expected to be enacted by Finance Act 2011. Beyond the reduction to 27%, the changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements. The impact of these changes on the deferred tax balances would be a decrease to the deferred tax liabilities of £2.2 million.

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

10 Tangible assets

	Freehold land	Power Station assets	Assets under construction	Decommissioning asset	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2010	1,707	1,451	338,172	1,180	342,510
Transfers		338,172	(338,172)		-
Additions	-	32,721	-	33	32,754
At 31 December 2010	1,707	372,344	-	1,213	375,264
Accumulated depreciation					
At 1 January 2010	-	33	-	62	95
Charge for the year	-	22,261	-	40	22,301
At 31 December 2010	-	22,294	-	102	22,396
Net book amount					
At 31 December 2010	1,707	350,050	-	1,111	352,868

11 Stock

	2010 £'000	2009 £'000
Consumables	3,672	2,993

12 Debtors

	2010 £'000	2009 £'000
Liquidated damages	1,912	8,480
Other debtors	206	-
Value added tax	310	514
Prepayments and accrued income	353	366
	2,781	9,360

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

13 Creditors – amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	4,075	4,453
Amounts owed to Group undertakings	303,819	328,076
Other creditors	1,443	44
Emissions obligations	3,302	-
Community Energy Saving Programme	373	-
Accruals and deferred income	7,953	8,227
	320,965	340,800

The amounts payable to Group undertakings include £305,322,697 (2009 nil) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.32 and 2.11% per annum during 2010 (2009 nil). The other amounts receivable from Group undertakings are interest-free. All amounts payable to Group undertakings are unsecured and repayable on demand.

14 Creditors – amounts falling due after more than one year

	2010 £'000	2009 £'000
Amounts owed to Group undertakings	3,016	-

The amounts payable to Group undertakings include £3,016,000 (2009 nil) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.32 and 2.11% per annum during 2010 (2009 nil). All amounts payable to Group undertakings are unsecured and repayable on demand.

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

15 Provisions for liabilities

	Deferred taxation £'000	Decommissioning provision £'000	Total £'000
At 1 January 2010	26,723	1,208	27,931
Additions and revisions	-	33	33
Charged to the profit and loss account	(11,860)	18	(11,842)
At 31 December 2010	14,863	1,259	16,122

The decommissioning provision represents the future expected costs of decommissioning the station at the end of its useful economic life, discounted to its present value (note 1)

Deferred taxation

	As at 1 January 2010 £'000	Profit and loss charge / (credit) £'000	As at 31 December 2010 £'000
Deferred corporation tax			
- accelerated capital allowances	26,748	(11,845)	14,903
- other timing differences	(25)	(15)	(40)
	26,723	(11,860)	14,863

The deferred corporation tax (asset) / provision at 27% (2009 28%) is analysed as follows

	Provided		Unprovided	
	This period £'000	Last period £'000	This period £'000	Last period £'000
Deferred corporation tax				
- accelerated capital allowances	14,903	26,748	-	-
- other timing differences	(40)	(25)	-	-
	14,863	26,723	-	-

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

16 Financial instruments

In accordance with Statutory Instrument 2008/410 of the Companies Act 2006, the fair values of the Company's financial instruments are analysed below

	2010 £'000	2009 £'000
Derivative financial instruments		
Foreign exchange derivatives – assets	351	198
Foreign exchange derivatives – liabilities	-	(97)

17 Called up share capital

	2010 £	2009 £
Authorised		
Nil ordinary shares of £1 each (2009 100 ordinary shares of £1 each)	-	100
Allotted and fully paid		
20 ordinary shares of £1 each	20	20

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 20 April 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.

18 Reserves

	Capital contributions £'000	Profit and loss account £'000	Total £'000
As at 1 January 2010	30,342	(44,274)	(13,932)
Profit for the financial year	-	33,470	33,470
At 31 December 2010	30,342	(10,804)	19,538

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

19 Reconciliation of movement in shareholders' funds

	2010 £'000	2009 £'000
Profit / (loss) for the financial year	33,470	(7,153)
Opening shareholders' deficit	(13,932)	(6,779)
Closing shareholders' funds / (deficit)	<u>19,538</u>	<u>(13,932)</u>

20 Pension commitments

The charge to the profit and loss account represents the amount of contributions payable to defined contribution pension schemes in respect of the accounting period for employees that are recharged to the Company. Differences between contributions payable and contributions actually paid in the period are shown as either accruals or prepayments in the balance sheet. The total cost recharged to the Company for pension costs under the service level agreement with another Group company was £1,003,000 (2009 £870,000).

21 Capital and other commitments

	2010 £'000	2009 £'000
Operation and maintenance costs	147,285	135,740
Assets under construction	-	36,487
	<u>147,285</u>	<u>172,227</u>

22 Financial commitments

At 31 December 2010 the Company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Other	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Within one year	-	158	-	-
Within two to five years	-	-	14	8
After five years	-	-	-	-

Centrica Langage Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

23 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 the 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 operations for a period of at least 12 months from the date of approval of these financial statements.

24 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, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of the Centrica plc consolidated financial statements can be obtained from www.centrica.com.