

**Registered No: 04055254**

**Centrica Finance (Canada) Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2012**



## **Centrica Finance (Canada) Limited**

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# **Centrica Finance (Canada) Limited**

## **Directors' report for the year ended 31 December 2012**

The Directors present their report and the audited financial statements of Centrica Finance (Canada) Limited (the "Company") for the year ended 31 December 2012

### **Principal activities**

The principal activity of the Company is the provision of financing in Canadian dollars to other companies in the Centrica plc group (the "Group")

### **Review of business and future developments**

The financial position of the Company is presented in the balance sheet on page 5 Shareholders' funds at 31 December 2012 were C\$1,281,873,000 (2011 C\$1,245,954,000)

The Directors believe that the currency of the primary economic environment in which the Company operates and generates net cash flows is Canadian dollars and accordingly the financial statements have been prepared in Canadian dollars

The Directors intend that the Company will continue to provide financing in Canadian dollars to other Group companies for the foreseeable future

### **Results and dividends**

The profit on ordinary activities after taxation for the year ended 31 December 2012 is C\$ 35,919,000 (2011 C\$ 18,843,000 profit) The Directors do not recommend the payment of a dividend (2011 C\$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 The key business risks and uncertainties that the Company is exposed to are interest risks linked to the Centrica plc Group's ("the Group") cost of funds As the interest rate risks relate to transactions with other Group companies they are not actively managed by the Company

The principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 44 - 50 of the Group's 2012 Annual Report and Accounts which does not form part of this report Copies of the Annual Report of Centrica plc may be obtained from [www.Centrica.com](http://www.Centrica.com)

### **Key performance indicators ("KPIs")**

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets and results after tax and these are shown above

### **Directors**

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

I G Dawson  
C Redcliffe  
J Bell

### **Political and charitable donations**

The Company made no political or charitable donations during the year (2011 C\$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 The insurance does not provide cover in the event that the Director is proved to have acted fraudulently

# **Centrica Finance (Canada) Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Financial risk management**

Details of the Group's financial risk management policy are set out on pages 111 - 114 of the Group's 2012 Annual Report and Accounts. Group Treasury also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, where status is kept under review.

### **Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

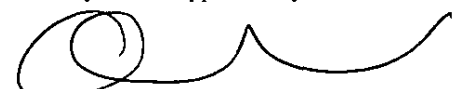
### **Disclosure of information to auditors**

Each of the Directors who held office at the date of approval of this Directors' report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent 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 2013.



For and on behalf of Centrica Secretaries Limited  
**Company Secretary**

Company registered in England and Wales, Registered no. 04055254  
Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **Centrica Finance (Canada) Limited**

## **Independent auditors' report to the member of Centrica Finance (Canada) Limited**

We have audited the financial statements of Centrica Finance (Canada) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's member 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 2012 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 Dashwood (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Atrium,  
1 Harefield Road,  
Uxbridge  
UB8 1EX  
24 June 2013

## Centrica Finance (Canada) Limited

### Profit and loss account for the year ended 31 December 2012

	Notes	2012 C\$000	2011 C\$000
Interest receivable and similar income	4	37,393	36,354
Interest payable and similar charges	5	(3)	(16,388)
<b>Profit on ordinary activities before taxation</b>		<b>37,390</b>	<b>19,966</b>
Tax on Profit on ordinary activities	6	(1,471)	(1,123)
<b>Profit for the financial year</b>	11	<b>35,919</b>	<b>18,843</b>

All amounts relate to continuing operations

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

There are no recognised gains or losses other than those included in the results above, and accordingly no separate statement of total recognised gains and losses has been presented

A statement of movements in shareholders' funds is shown in note 12

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

## Centrica Finance (Canada) Limited

### Balance sheet as at 31 December 2012

	Notes	2012 C\$000	2011 C\$000
<b>Fixed assets</b>			
Investments	7	574,417	574,417
<b>Current assets</b>			
Debtors	8	1,269,232	1,234,497
Cash at bank and in hand		<u>3</u>	<u>6</u>
		1,269,235	1,234,503
<b>Creditors: amounts falling due within one year</b>	9	(561,779)	(562,966)
<b>Net current assets</b>		<u>707,456</u>	<u>671,537</u>
<b>Total assets less current liabilities</b>		1,281,873	1,245,954
<b>Net assets</b>		<u>1,281,873</u>	<u>1,245,954</u>
<b>Capital and reserves</b>			
Called up share capital	10	1,034,232	1,034,232
Profit and loss account	11	<u>247,641</u>	<u>211,722</u>
<b>Total shareholders' funds</b>	12	<u>1,281,873</u>	<u>1,245,954</u>

The financial statements on pages 4 to 10 were approved and authorised for issue by the Board of Directors on 24 June 2013 and were signed on its behalf by



J Bell  
Director

Registered No 04055254

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

# **Centrica Finance (Canada) Limited**

## **Notes to the financial statements for the year ended 31 December 2012**

### **1. Principal accounting policies**

#### **Accounting principles**

The financial statements have been prepared in accordance with applicable UK accounting standards, consistently applied, and under the historical cost convention and the Companies Act 2006

#### **Basis of preparation**

The Directors believe that the going concern basis is applicable for the preparation of the financial statements

#### **Exemptions**

The Company is a wholly owned subsidiary undertaking of Centrica Gamma 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 consolidated financial statements under the terms of section 400 of the Companies Act 2006

The Company has also taken advantage of the exemptions within Financial Reporting Standard No 1 (Revised) "Cash Flow Statements" from presenting a cash flow statement, and within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Group companies

#### **Reporting currency**

The Directors consider that the currency of the primary economic environment in which the Company operates and generates net cash flows is Canadian dollars. Accordingly the financial statements have been prepared in Canadian dollars. The Canadian dollar to Sterling exchange rate at 31 December 2012 used in the preparation of these financial statements was 1.61592 (2011: 1.57675), and the average rate for the year was 1.5892 (2011: 1.5855)

#### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars (or alternatives) at rates of exchange ruling at the end of the year

Transactions in foreign currencies are translated into Canadian dollars at the rate of exchange ruling at the date of transaction. All foreign exchange differences have been taken to the profit and loss account in the year

#### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are included in the balance sheet at cost, less accumulated provisions for any impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

#### **Financial instruments**

**Share capital** Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received

**Interest bearing debt and loans** All interest bearing debt and loans are initially stated at the amount of the net proceeds for debt and costs for loans. After initial recognition, the carrying amounts of interest bearing loan receivables and payables are increased by the finance income and finance costs respectively. The carrying amounts are reduced by the payment or repayment of amounts owing under loan receivables and payables respectively

The Company is exempted by FRS 29 from providing detailed disclosures in respect of its financial instruments because it does not apply FRS 26



# Centrica Finance (Canada) Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 1. Principal accounting policies (continued)

#### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Taxable profits or losses are subject to group relief without payment.

#### Interest

Interest is accounted for on an accruals basis. Interest receivable from other Group companies registered overseas is presented inclusive of any overseas withholding tax.

### 2. Directors and employees

There were no employees during the year (2011: nil). The emoluments of all of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other Centrica plc subsidiary undertakings. Accordingly no details in respect of their emoluments have been included in these financial statements.

### 3. Auditors' remuneration

Auditors' remuneration totalling C\$16,967 (2011: C\$16,491) relates to fees for the audit of the UK GAAP statutory financial statements of the Company. Of the auditors' remuneration C\$16,967 (2011: C\$16,491) is borne by Centrica plc.

### 4. Interest receivable and similar income

	2012	2011
	C\$000	C\$000
Interest receivable from Group undertakings	<u>37,393</u>	<u>36,354</u>

### 5. Interest payable and similar charges

	2012	2011
	C\$000	C\$000
Bank charges	3	1
Interest payable to Group undertakings	<u>-</u>	<u>16,387</u>
	<u>3</u>	<u>16,388</u>

## Centrica Finance (Canada) Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 6. Taxation on profit on ordinary activities

	2012 C\$000	2011 C\$000
<b>(a) Analysis of tax charge in the year</b>		
The tax charge comprises		
<b>Current tax:</b>		
United Kingdom corporation tax at 24.5% (2011: 26.5%)	-	-
Foreign tax	1,471	1,123
Total current tax	1,471	1,123
Total tax on profit on ordinary activities	1,471	1,123

#### (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 are as follows

	2012 C\$000	2011 C\$000
Profit on ordinary activities before tax	37,390	19,966
Tax on profit on ordinary activities at standard UK corporation tax rate of 24.5% (2011: 26.5%)	9,161	5,291
Effects of		
Group relief for nil consideration	(3,036)	(4,164)
UK UK transfer pricing adjustment	(4,654)	(4)
Overseas withholding tax	1,471	1,123
Double taxation relief	(1,471)	(1,123)
Tax charge for the period	1,471	1,123

No deferred taxation arises in this year (2011: C\$nil)

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013, enacted under Finance Act 2012. Further reductions to the main rate were proposed in the Autumn Statement 2012 and the Budget Statement 2013 to respectively reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015. Beyond a reduction to 23% from 1 April 2013, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of the proposed changes to the financial statements is nil since the company has no deferred tax balances.

#### 7. Investments

##### Investments in subsidiaries

Cost	C\$000
1 January 2012	574,417
31 December 2012	574,417

The Company holds 520,000,000 C\$1 non-voting "B" ordinary shares and all Ordinary Shares in Centrica Delta Limited, a Company incorporated in the Isle of Man, representing 100% of the issued "B" ordinary shares. The Directors believe that the book value of investments is supported by the value of the underlying assets.

# Centrica Finance (Canada) Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 8. Debtors

	2012 C\$000	2011 C\$000
Amounts falling due within one year:		
Amounts owed by Group undertakings	1,269,232	1,234,497
	<u>1,269,232</u>	<u>1,234,497</u>

Amounts owed by Group undertakings of C\$1,259,736,000 (2011 C\$1,225,285,000) are unsecured, accrue interest at the Canadian Prime rate on the last day of the preceding quarter with interest payable quarterly in arrears, and are repayable on demand. The remaining balance relates to accrued interest of C\$9,494,000 (2011 C\$9,212,000).

### 9. Creditors: amounts falling due within one year

	2012 C\$000	2011 C\$000
Amounts falling due within one year		
Amounts owed to Group undertakings	561,779	562,966
	<u>561,779</u>	<u>562,966</u>

Amounts owed to Group undertakings of C\$561,779,000 (2011 C\$559,101,000) are interest free. In 2011 this accrued interest at the Canadian Prime rate on the last day of the preceding quarter with interest payable quarterly in arrears. There is no accrued interest in 2012 (2011 C\$3,865,000). Loans to Group undertakings are unsecured and payable on demand.

### 10. Called up share capital

	2012 C\$000	2011 C\$000
<b>Called up, allotted and fully paid:</b>		
869,967,175 ordinary shares of C\$1 each (2011 869,967,175 ordinary shares of C\$1 each)	869,967	869,967
<b>Called up, allotted and partly paid:</b>		
200,000,000 ordinary shares of C\$1 each (2011 200,000,000 ordinary shares of C\$1 each)	164,265	164,265
	<u>1,034,232</u>	<u>1,034,232</u>

## Centrica Finance (Canada) Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 11. Reconciliation of movement in reserves

	Profit and loss reserve C\$000
As at 1 January 2012	211,722
Profit for the financial year	35,919
As at 31 December 2012	<u>247,641</u>

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

	2012 C\$000	2011 C\$000
Retained profit for the financial year	35,919	18,843
Net additions to shareholders' funds	35,919	18,843
Opening shareholders' funds	1,245,954	1,227,111
Closing shareholders' funds	<u>1,281,873</u>	<u>1,245,954</u>

#### 13. Ultimate parent undertaking

Centrica Gamma Holdings Limited, a company registered in England and Wales, is the immediate parent undertaking. Centrica plc, a company registered in England and Wales, is the ultimate parent undertaking and controlling party and the only company to consolidate the financial statements of the Company. Copies of the Annual Report of Centrica plc may be obtained from [www.centrica.com](http://www.centrica.com)