

Registered Number: 04262243

Centrica KL Limited

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

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Centrica KL Limited

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

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Centrica KL Limited

Directors' report for the year ended 31 December 2010

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

Principal activities

The Company's principal activity during the year was the operation of a 325MW gas-fired combined cycle gas turbine generating station at King's Lynn, Norfolk ("King's Lynn Power Station")

Business review

During the year the Company continued the operation of the King's Lynn Power Station. The Company operates under a capacity tolling arrangement with British Gas Trading Limited which is responsible for energy procurement for the Centrica plc group ("the Group")

Trading for the year was in line with directors' expectations

Future developments

A similar trading profile to 2010 is expected in the coming year

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, performance and position 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 on ordinary activities of £7,630,000 (2009 £1,524,000). No dividends were paid or declared on the ordinary shares 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. Shareholders' funds at 31 December 2010 were £39,925,000 (2009 £32,295,000)

Centrica KL Limited

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

Directors

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

Graeme Collinson

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 KL 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 KL 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 20 June 2011



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No 04262243

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica KL Limited

Independent auditors' report to the members of Centrica KL Limited

We have audited the financial statements of Centrica KL 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 profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
20 June 2011

Centrica KL Limited

Profit and loss account for the year ended 31 December 2010

| | Note | 2010 £'000 | 2009 £'000 |
|--|------|---------------------|---------------|
| Turnover | 3 | 30,237 | 26,095 |
| Cost of sales | | (17,321) | (16,561) |
| Gross profit | | <u>12,916</u> | 9,534 |
| Administration expenses | | (1,606) | (2,859) |
| Operating profit | 4 | <u>11,310</u> | 6,675 |
| Interest receivable and similar income | 7 | - | 171 |
| Interest payable and similar charges | 8 | (4,170) | (4,420) |
| Profit on ordinary activities before taxation | | <u>7,140</u> | 2,426 |
| Tax on profit on ordinary activities | 9 | 490 | (902) |
| Profit for the financial year | 18 | <u><u>7,630</u></u> | 1,524 |

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

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

All results relate to continuing operations

The notes on pages 8 to 18 form part of these financial statements

Centrica KL Limited

Balance sheet as at 31 December 2010

| | Note | 2010 £'000 | 2009 £'000 |
|---|------|-----------------------------|-----------------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 54,998 | 61,043 |
| Investments | 11 | - | - |
| Current assets | | | |
| Stock | 12 | 5,560 | 5,356 |
| Debtors | 13 | 35,746 | 33,448 |
| Cash at bank and in hand | | 33 | 100 |
| | | <u>41,339</u> | <u>38,904</u> |
| Creditors – amounts falling due within one year | 14 | (11,082) | (12,666) |
| Net current assets | | <u>30,257</u> | <u>26,238</u> |
| Total assets less current liabilities | | 85,255 | 87,281 |
| Creditors – amounts falling due after more than one year | 15 | (42,585) | (51,864) |
| Provisions for liabilities | 16 | (2,745) | (3,122) |
| Net assets | | <u><u>39,925</u></u> | <u><u>32,295</u></u> |
| Capital and reserves | | | |
| Called up share capital | 17 | - | - |
| Profit and loss account | 18 | 39,925 | 32,295 |
| Total shareholders' funds | 19 | <u><u>39,925</u></u> | <u><u>32,295</u></u> |

The notes on pages 8 to 18 form part of these financial statements

The financial statements on pages 6 to 18 were approved and authorised for issue by the Board of Directors on 20 June 2011 and were signed on its behalf by


Thomas Hinton
Director

Centrica KL Limited

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

1 Statement of accounting policies

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

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 stated at historic cost less accumulated depreciation. 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 and gas turbine components in the course of a major overhaul and assets in the course of construction. Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows for these asset classes:

- Power station assets and decommissioning asset: 20 years
- Turbine components, other plant and machinery: 3-6 years

For gas turbine components depreciation is provided to write off the cost of the assets over their operating lives on an equivalent operating hours basis.

Overhaul costs

Contract work involved in replacing gas turbine components are capitalised and depreciated over their expected economic life, typically over the period to the next overhaul. Repairs and other costs that are not of a capital nature are charged directly to the profit and loss account as incurred.

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.

Finance leases

Assets held under the finance lease arrangements have been capitalised and are included in fixed assets at their fair value at the inception of the lease. The obligations relating to finance leases, net of finance charges in respect of future years, are included as appropriate under creditors due within or after more than one year. The interest element of the lease rental is allocated to accounting years during the lease on an accruals basis. The interest charge is based on the outstanding finance lease creditor.

Deferred 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.

Centrica KL Limited

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

1 Statement of accounting policies (continued)

Deferred taxation (continued)

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.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profits will be available against which the unused tax losses can be utilised.

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.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

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.

EU Emissions Trading Scheme

Granted CO₂ emissions allowances received in a period are initially recognised 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.

Centrica KL Limited

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

1 Statement of accounting policies (continued)

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

3 Turnover

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

4 Operating profit

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Operating profit is stated after charging: | | |
| Depreciation of owned tangible fixed assets (note 10) | 4,617 | 3,450 |
| Depreciation of leased tangible fixed assets (note 10) | 3,009 | 3,520 |
| Loss on disposal of fixed assets | - | 530 |
| Operating lease charges – land and buildings | 409 | 409 |
| Services provided by the Company's auditor: | | |
| Fees payable for the audit | 8 | 8 |

Auditors' remuneration totaling £8,000 (2009: £8,000) relates to fees for the audit of the UK GAAP statutory accounts of Centrica KL 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 KL Limited. Of the auditors' remuneration £nil (2009: £nil) was borne by Centrica plc.

5 Directors' emoluments

The directors received no emoluments as they are employed by other Centrica group companies (2009: £nil).

All of the directors are members of the ultimate parent company's defined benefit pension scheme.

Centrica KL Limited

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

6 Employee information

The Company has no direct employees (2009 nil). However, costs amounting to £3,197,000 (2009 £3,659,000) were incurred during the year in respect of an average of 38 (2009 37) staff providing services to Centrica KL Limited under an employee services agreement with a Centrica group company.

7 Interest receivable and similar income

| | 2010 | 2009 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Interest received in relation to local authority payment refunds | - | 171 |

8 Interest payable and similar charges

| | 2010 | 2009 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Decommissioning provision notional interest | 17 | 15 |
| Interest payable to Group undertakings | 276 | - |
| Finance lease charges | 3,877 | 4,405 |
| | 4,170 | 4,420 |

Centrica KL Limited

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

9 Tax on profit on ordinary activities

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| (a) Analysis of tax charge in the period | | |
| Current tax | | |
| UK corporation tax on the profit for the year | - | - |
| Deferred tax: | | |
| Effect of change to deferred taxation rate | (64) | - |
| Origination and reversal of timing differences | 746 | 902 |
| Adjustments in respect of prior years | (1,172) | - |
| Tax on profit on ordinary activities | (490) | 902 |

(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 £'000 | 2009 £'000 |
|---|----------------|----------------|
| Profit on ordinary activities before tax | 7,140 | 2,426 |
| Profit on ordinary activities multiplied by standard rate in the UK of 28% (2009 28%) | 1,999 | 679 |
| Effects of | | |
| Expenses not deductible for tax purposes | 113 | 1,225 |
| Loss on sale of assets | - | 148 |
| Capital allowances in excess of depreciation | (766) | (1,053) |
| Other timing differences | 20 | 2 |
| Group relief for nil consideration | (1,555) | (1,066) |
| UK UK transfer pricing | 189 | 65 |
| 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 is not expected to be material.

Centrica KL Limited

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

10 Tangible assets

| | Power station assets £'000 | Turbine components, other plant and machinery £'000 | Decommissioning asset £'000 | Total £'000 |
|---|----------------------------------|--|-----------------------------------|----------------|
| Cost or valuation | | | | |
| At 1 January 2010 | 68,305 | 24,895 | 822 | 94,022 |
| Additions | 331 | 1,154 | 96 | 1,581 |
| Reclassifications | 2,503 | (2,503) | - | - |
| Disposals | - | - | - | - |
| At 31 December 2010 | 71,139 | 23,546 | 918 | 95,603 |
| Accumulated depreciation | | | | |
| At 1 January 2010 | 25,380 | 7,475 | 124 | 32,979 |
| Charge for the year | 2,792 | 4,780 | 54 | 7,626 |
| Reclassifications | - | - | - | - |
| Disposals | - | - | - | - |
| At 31 December 2010 | 28,172 | 12,255 | 178 | 40,605 |
| Net book amount | | | | |
| At 31 December 2010 | 42,967 | 11,291 | 740 | 54,998 |
| At 31 December 2009 | 42,925 | 17,420 | 698 | 61,043 |
| During the current year, assets with a net book value of £nil (2009 £530,000) were written off as they have no further economic life, resulting in a profit on disposal of £nil (2009 loss of £530,000) | | | | |
| The net book value of tangible assets held under finance lease, representing certain items of plant and machinery sold and leased back since 2007, was as follows | | | | |
| At 31 December 2010 | 38,366 | 5,193 | - | 43,559 |
| At 31 December 2009 | 41,050 | 5,520 | - | 46,570 |

Centrica KL Limited

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

11 Investments

The Company holds 100% of the issued share capital of Centrica Leasing (KL) Limited, a company registered in England and Wales, for a total consideration of £2. This investment was acquired on 20 December 2007.

Consolidated accounts are not required because Centrica KL Limited and Centrica Leasing (KL) Limited have been consolidated in the accounts of Centrica plc accounts, which is a UK-registered company for which accounts are publicly available.

12 Stock

| | 2010 £'000 | 2009 £'000 |
|-------------|---------------|---------------|
| Consumables | 5,560 | 5,356 |

13 Debtors

| | 2010 £'000 | 2009 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by Group undertakings | 35,514 | 33,128 |
| Value Added Tax | 61 | 126 |
| Other debtors | 15 | 40 |
| Prepayments and accrued income | 156 | 154 |
| | 35,746 | 33,448 |

The amounts receivable from Group undertakings include a payable amount of £21,180,213 (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 receivable from Group undertakings are unsecured and repayable on demand.

Centrica KL Limited

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

14 Creditors - amounts falling due within one year

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Trade creditors | 261 | 1,086 |
| Amounts owed to Group undertakings | 31 | 13 |
| Emissions obligation | 466 | 2,091 |
| Community Energy Saving Programme | 345 | - |
| Accruals and deferred income | 599 | 641 |
| Obligations under intra-Group finance lease | 9,380 | 8,835 |
| | 11,082 | 12,666 |

The amounts payable to Group undertakings are interest-free. All amounts payable to Group undertakings are unsecured and repayable on demand.

15 Creditors - amounts falling due after more than one year

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Obligations under intra-Group finance lease | 42,585 | 51,864 |
| | 42,585 | 51,864 |

Maturity of finance lease liabilities

| | 2010 £'000 | 2009 £'000 |
|----------------------------|---------------|---------------|
| Less than one year | 9,380 | 8,835 |
| Between one and five years | 37,661 | 40,850 |
| Over five years | 4,924 | 11,014 |
| | 51,965 | 60,699 |

The finance lease obligations represent amounts owing to Centrica Leasing (KL) Limited, the Company's subsidiary undertaking, relating to a 7.5-year and a 20-year finance lease.

Centrica KL Limited

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

16 Provisions for liabilities

| | Deferred taxation £'000 | Decommissioning provision £'000 | Total £'000 |
|--|-------------------------------|---------------------------------------|----------------|
| At 1 January 2010 | 2,214 | 908 | 3,122 |
| Additions and revisions | - | 96 | 96 |
| Charged to the profit and loss account | (490) | 17 | (473) |
| At 31 December 2010 | 1,724 | 1,021 | 2,745 |

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 | 2,273 | (473) | 1,800 |
| - other timing differences | (59) | (17) | (76) |
| | 2,214 | (490) | 1,724 |

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 | 1,800 | 2,273 | - | - |
| - other timing differences | (76) | (59) | - | - |
| | 1,724 | 2,214 | - | - |

Centrica KL Limited

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

17 Called up share capital

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Allotted and fully paid share capital 2 ordinary shares of £1 each | - | - |

18 Profit and loss account

| | 2010 £'000 |
|--|---------------|
| At 1 January 2010 | 32,295 |
| Retained profit for the financial year | 7,630 |
| At 31 December 2010 | 39,925 |

19 Reconciliation of movements in shareholders' funds

| | 2010 £'000 | 2009 £'000 |
|------------------------------------|---------------|---------------|
| Profit for the financial year | 7,630 | 1,524 |
| Opening shareholders' funds | 32,295 | 30,771 |
| Closing shareholders' funds | 39,925 | 32,295 |

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 the 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 £1,200,000 (2009 £1,529,000).

Centrica KL Limited

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

21 Financial commitments

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

| | Land and buildings | |
|---------------------|---------------------------|--------------|
| | 2010 | 2009 |
| | £'000 | £'000 |
| Leases which expire | | |
| After five years | 409 | 409 |

22 Capital and other commitments

Contracted future capital expenditure as at 31 December 2010 was £478,000 (2009 £236,000)

23 Ultimate parent undertaking

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

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