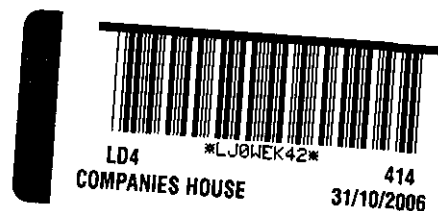


Centrica PB Limited

Annual report
For the year ended 31 December 2005

Registered Number: 4262250



Centrica PB Limited

Annual report for the year ended 31 December 2005

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Centrica PB Limited

Directors' report for the year ended 31 December 2005

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

Principal activities and review of business

The principal activity of the Company is the operation of a 360MW gas fired combined cycle gas turbine generating station at Peterborough, Cambridgeshire.

During the year the Company continued the operation of Peterborough Power Station. There are no plans to change the nature of activities in the foreseeable future. The Company operates under a capacity tolling arrangement with British Gas Trading Limited who are responsible for energy procurement for the Centrica group.

Trading for the year is in line with directors' expectation and a similar trading profile is expected in the coming year.

Financial results and dividends

The profit on ordinary activities after taxation for the year ended 31 December 2005 was £8,878,000 (2004: £4,808,000).

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

Directors

The following served as directors throughout the year:

Alan Bennett
Jonathan Bradley
Michael Garstang
Simon Goodwin
Amanda King

On 1 August 2006 Amanda King resigned as a director of the Company. On 14 August 2006 Benedict Wright was appointed as a director of the Company.

At no time during the year ended 31 December 2005 did any director have any interests in the shares of the Company 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
Michael Garstang	12,541	-
Alan Bennett	16,922	2,077
Amanda King	2,129	1,380
Simon Goodwin	9,829	5,530
Jonathan Bradley	145,197	123,658

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

Centrica PB Limited

Directors' report for the period 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
Alan Bennett	8,823	-	-	-	8,823
Amanda King	5,161	-	-	-	5,161
Simon Goodwin	10,776	-	-	-	10,776
Jonathan Bradley	8,823	-	-	-	8,823

Centrica Long-term incentive scheme (LTIS)

	As at 31 December 2004	Allocations granted during the year	Allocations lapsed during the year	Allocations vested during the year	As at 31 December 2005
Michael Garstang	94,377	25,147	4,664	36,609	78,251
Alan Bennett	131,448	34,966	5,209	40,801	120,404
Amanda King	83,228	24,928	5,183	17,058	85,915
Simon Goodwin	17,121	19,155	1,829	6,017	28,430
Jonathan Bradley	117,558	28,123	4,716	36,508	104,457

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.

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 Executive Share Option scheme (ESOS)

	As at 31 December 2004	Lapsed during the year	Exercised during the period	Granted during the period	As at 31 December 2005
Alan Bennett	169,298	-	-	69,932	239,230
Jonathan Bradley	141,689	-	-	53,122	194,811

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

Centrica PB Limited

Directors' report for the period 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 the 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 other disclosable related party transactions during the year (2004 : £nil).

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.

Exposure to counterparty credit risk and liquidity risk arises in the normal course of the Company's business.

Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Credit risk is predominantly limited to exposures with other Centrica Group companies.

Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly to ensure there is sufficient financial headroom for at least a 12 month period.

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.

Creditor payment policy

The Company aims to pay all of its creditors (of which none were trade creditors) promptly within the agreed contract terms.

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.

Centrica PB Limited

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

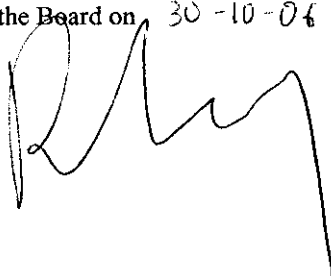
Statement of directors' responsibilities (continued)

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.

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 Pricewaterhouse Coopers 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
Company Secretary

Registered office:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica PB Limited

Independent Auditors' report to the members of Centrica PB Limited

We have audited the financial statements of Centrica PB 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 profit 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 PB 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		
Turnover	3	29,404	27,822
Cost of sales		(12,080)	(11,512)
Gross Profit		17,324	16,310
Distribution costs		(1,241)	(1,309)
Administration expenses		(4,232)	(2,476)
Other income		4,206	-
Operating profit	4	16,057	12,525
Interest payable and similar charges	7	(6,745)	(6,735)
Profit on ordinary activities before taxation		9,312	5,790
Tax on profit on ordinary activities	8	(434)	(982)
Profit for the year		8,878	4,808
Dividends		-	-
Retained profit for the year	16	8,878	4,808

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

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

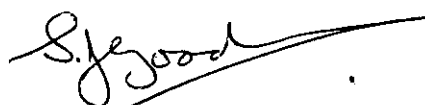
All activities relate to continuing operations.

Centrica PB Limited

Balance sheet as at 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	9	82,291	84,375
Current assets			
Stock	10	3,009	983
Debtors	11	58,891	49,146
Cash at bank and in hand		-	-
		<u>61,900</u>	<u>50,129</u>
Creditors – amounts falling due within one year	12	(2,830)	(3,229)
Net current assets		<u>59,070</u>	<u>46,900</u>
Total assets less current liabilities		141,361	131,275
Creditors – amounts falling due after more than one year	13	(99,500)	(99,500)
Provisions for liabilities and charges	14	(2,190)	(982)
		<u>39,671</u>	<u>30,793</u>
Capital and reserves			
Called-up share capital	15	-	-
Profit and loss account	16	39,671	30,793
Equity shareholder funds	17	<u>39,671</u>	<u>30,793</u>

The financial statements on pages 6 to 14 were approved and authorised for issue by the Board of Directors on 30 October 2006 and were signed on its behalf by:



Director

Centrica PB Limited

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

1 Statement of accounting policies

Basis of accounting

The financial statements have been prepared on the 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.

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.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. 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 : | 20 years |
| - 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 to the period of 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.

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.

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 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 net 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.

Centrica PB Limited

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

1 Statement of 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 included within property, plant and equipment. The decommissioning asset is included in power station assets and is 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.

There was no impact on the Profit and Loss account when the provision was created as it was matched with a corresponding asset. In addition the amount is not significant to the overall net assets of the Company and consequently no prior year adjustment has been made.

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 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 Segmental reporting

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

4 Operating profit

	2005 £'000	2004 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	5,737	6,249
Auditors remuneration:		
Audit services	23	23
Other income – carbon emission credits	(4,206)	-

5 Directors' emoluments

The directors received no emoluments as they are employed by other Centrica group companies (2004: £nil). All of the Directors are members of the ultimate parent company's defined benefit pension scheme.

Centrica PB Limited

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

6 Employee information

The Company has no direct employees (2004: nil). However, costs amounting to £2,735,000 (2004: £2,325,000) were incurred during the year in respect of an average of 43 (2004: 43) staff providing services to Centrica PB Limited under an employee services agreement with a Centrica group company.

7 Interest payable and similar charges

	2005 £'000	2004 £'000
Other interest payable	6,745	6,735

8 Tax on profit on ordinary activities

	2005 £'000	2004 £'000
The tax charge comprises :		
United Kingdom corporation tax at 30% (2004: 30%) based on the profit for the period		
Current	-	-
Deferred - origination and reversal of timing differences	434	337
- adjustments in respect of prior years	-	645
Total tax charge on profit on ordinary activities	434	982

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
Profit on ordinary activities before tax	9,312	5,790
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	2,794	1,737
Effects of :		
Expenses not deductible for tax purposes	1,561	1,626
Depreciation in excess of capital allowances	(434)	(337)
Group relief for nil consideration	(5,020)	(3,026)
UK:UK transfer pricing adjustments	1,099	-
Current tax charge for the year	-	-

Centrica PB Limited

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

9 Tangible assets

	Power station assets	Turbine Components, other plant and machinery	Total
	£'000	£'000	£'000
Cost or valuation			
At 31 December 2004	86,481	15,685	102,166
Additions	733	2,920	3,653
As at 31 December 2005	87,214	18,605	105,819
Accumulated depreciation			
At 31 December 2004	13,821	3,970	17,791
Charge for the year	3,720	2,017	5,737
At 31 December 2005	17,541	5,987	23,528
Net book value			
At 31 December 2005	69,673	12,618	82,291
At 31 December 2004	72,660	11,715	84,375

10 Stocks

	2005	2004
	£'000	£'000
Consumables	3,009	983

11 Debtors

	2005	2004
	£'000	£'000
Amounts owed by group undertakings	57,025	48,723
Other debtors	935	191
Prepayments and accrued income	931	232
	58,891	49,146

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

Centrica PB Limited

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

12 Creditors - amounts falling due within one year

	2005 £'000	2004 £'000
Bank overdraft	466	50
Trade creditors	-	93
Amounts owed to group undertakings	-	2,423
Accruals and deferred income	2,364	663
	<u>2,830</u>	<u>3,229</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.

13 Creditors - amounts falling due after more than one year

	2005 £'000	2004 £'000
Amounts owed to group undertakings	<u>99,500</u>	<u>99,500</u>

Amounts owed to group undertakings represent an unsecured loan which is repayable on 19 October 2016 and bears interest at 6.75%.

14 Provisions for liabilities and charges

	Deferred taxation £'000	Decomissioning provision £'000	Total £'000
As at 1 January 2005	982	-	982
Decomissioning provision	-	774	774
Profit and loss charge	434	-	434
As at 31 December 2005	<u>1,416</u>	<u>774</u>	<u>2,190</u>

Deferred tax is provided at 30% (2004: 30%). Full provision has been made for deferred taxation arising from accelerated capital allowances.

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

Centrica PB Limited

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

15 Called-up share capital

	2005 £'000	2004 £'000
Authorised		
150,000,000 ordinary shares of £1 each (2004: 1,000 ordinary shares of £1 each)	150,000	150,000
Allotted and fully paid		
2 ordinary shares of £1 each (2004: 2 ordinary shares of £1 each)	-	-

16 Profit and loss account

	£'000
At 31 December 2004	30,793
Retained profit for the year	8,878
At 31 December 2005	39,671

17 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the year	8,878	4,808
Opening shareholders' funds	30,793	25,985
Closing shareholders' funds	39,671	30,793

18 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 £253,000 (2004 : £284,000).

Centrica PB Limited

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

19 Commitments and contingent liabilities

Capital expenditure

Contracted future capital expenditure as at 31 December 2005 was £nil (2004: £816,000).

20 Ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited.

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