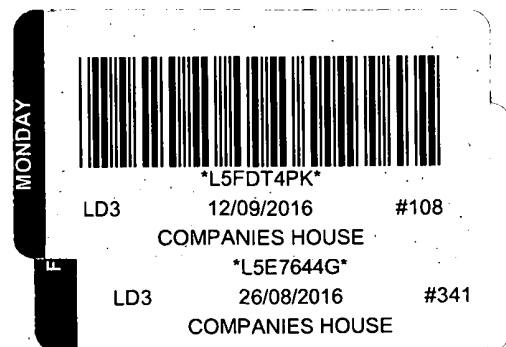


Registration number: 04710850

Centrica Beta Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



Centrica Beta Holdings Limited

Contents

Strategic Report	1 to 2
Directors' Report	3 to 5
Statement of Directors' Responsibilities	4
Independent Auditors' Report	6 to 8
Income Statement	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 31

Centrica Beta Holdings Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present the Strategic Report for Centrica Beta Holdings Limited ("the Company") for the year ended 31 December 2015.

Review of the business

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced disclosures framework ('FRS 101'). The Company's transition date to FRS 101 was 1 January 2014 and comparatives have been restated accordingly. Total equity at 31 December 2015 was £192,210,000 (2014: £241,848,000). The loss for the financial year ended 31 December 2015 is £49,638,000 (2014: loss £45,880,000). For details of the transition to FRS 101 and the effect of the change on the Company's financial position, see note 2 and 16.

On 31 March 2015 the Company invested £154,000 in Centrica International Cooperatief WA, registered in the Netherlands, in the form of a capital contribution. This entity provides structural funding to certain overseas subsidiaries of the Group.

The Company has recognised impairment charges of £43,000 in respect of its fixed asset investment and £2,695,000 in respect of its receivable in Centrica Nigeria Limited, which arise from a reduction of the expected realisable value of that company's operations.

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 Company is exposed to interest rate risks linked to 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. Centrica plc manages the interest rate risk on long-term borrowings in line with the Group policy by ensuring the exposure to floating point interest rates remain in the range 30% to 70% including the impact of interest rate derivatives.

The Company is exposed to changes in the exchange rate of GB pounds to United States dollars and this is managed by having matching assets and liabilities in each currency. Some of the assets are investments which are not revalued resulting in a risk on re-translation of working capital balances. The Directors are satisfied that in the long term the level of risk is acceptable for the Company and in the short term are consistent with the hedging policies of the Group.

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. The Directors are satisfied that the loss in the year should not change the activities or plans for the Company.

Future developments

The Company will continue its principal activity of acting as an investment holding company for the foreseeable future.

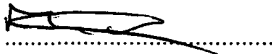
Centrica Beta Holdings Limited

Strategic Report for the Year Ended 31 December 2015 (continued)

Important non adjusting events after the financial period

In June 2016, a UK referendum resulted in a vote for the country to leave the European Union and the resultant uncertainty adds to the challenges for UK businesses in all sectors. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates and interest rates. These movements could impact, amongst other things, the translational value of our overseas interests in North America and the carrying value and cost of servicing our group debt. Sensitivity analysis associated with the Group's exposure to currency, interest rate and commodity price risk was included in note S3 of the Group's Annual Report and Accounts for 2015. Overall, we judge the direct impacts on Centrica and the Company specifically to be minimal in the short term.

Approved by the Board on 24 August 2016 and signed on its behalf by:



By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 04710850

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Beta Holdings Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the Financial Statements for the year ended 31 December 2015.

Directors of the Company

The Directors who held office during the year were as follows:

I G Dawson

C Redcliffe

J Bell (resigned 15 April 2016)

The following director was appointed after the year end:

A Page - Director (appointed 15 April 2016)

Results and dividends

The results of the Company are set out on page 9. The loss for the financial year ended 31 December 2015 is £49,638,000 (2014: loss £45,880,000). The Directors do not recommend a dividend payment for the financial year ended 31 December 2015 (2014: £nil).

Future developments

Future developments are discussed in the Strategic Report on page 1.

Going concern

The Financial Statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the Financial Statements were authorised.

Directors' and officers' liabilities

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the period under review. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

CENTRICA SECURITIES LIMITED
FOR AND ON BEHALF OF

Centrica Beta Holdings Limited

Directors' Report for the Year Ended 31 December 2015 (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 the 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 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.

Reappointment of auditors

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board on 24 August 2016 and signed on its behalf by:



.....
GAVIN WHITE

**FOR AND ON BEHALF OF
CENTRICA SECRETARIES LIMITED**

Centrica Beta Holdings Limited

Directors' Report for the Year Ended 31 December 2015 (continued)

Statement of Directors' Responsibilities (continued)

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 04710850

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Beta Holdings Limited

Independent Auditors' Report to the Members of Centrica Beta Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Centrica Beta Holdings Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), comprise:

- the statement of financial position as at 31 December 2015;
- the income statement and statement of comprehensive income for the year ended 31 December 2015;
- the statement of equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Centrica Beta Holdings Limited

Independent Auditors' Report to the Members of Centrica Beta Holdings Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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) ('ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

Centrica Beta Holdings Limited

Independent Auditors' Report to the Members of Centrica Beta Holdings Limited (continued)

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

.....
Alan Walsh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

Date:.....

Centrica Beta Holdings Limited

Income Statement for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Exceptional items - impairment charges	4	(2,738)	(1,240)
Operating loss		(2,738)	(1,240)
Finance income	5	5,705	24,205
Finance cost	5	(58,464)	(73,962)
	5	(52,759)	(49,757)
Loss before income tax		(55,497)	(50,997)
Income tax credit	7	5,859	5,117
Loss for the financial year		(49,638)	(45,880)

The notes on pages 13 to 31 form an integral part of these financial statements.

Centrica Beta Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	2015 £ 000	2014 £ 000
Loss for the financial year	<u>(49,638)</u>	<u>(45,880)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u><u>(49,638)</u></u>	<u><u>(45,880)</u></u>

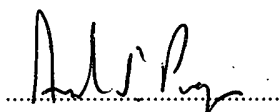
The notes on pages 13 to 31 form an integral part of these financial statements.

Centrica Beta Holdings Limited

Statement of Financial Position as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Non-current assets			
Investments	8	544,542	544,431
		<u>544,542</u>	<u>544,431</u>
Current assets			
Trade and other receivables	9	991,564	1,582,659
		<u>991,564</u>	<u>1,582,659</u>
Total assets		<u>1,536,106</u>	<u>2,127,090</u>
Current liabilities			
Trade and other payables	10	(1,343,896)	(1,885,242)
		<u>(1,343,896)</u>	<u>(1,885,242)</u>
Total liabilities		<u>(1,343,896)</u>	<u>(1,885,242)</u>
Net assets		<u>192,210</u>	<u>241,848</u>
Equity			
Called up share capital	11	433,000	433,000
Retained earnings		<u>(240,790)</u>	<u>(191,152)</u>
Total equity		<u>192,210</u>	<u>241,848</u>

The financial statements on pages 9 to 31 were approved and authorised for issue by the Board of Directors on 24 August 2016 and signed on its behalf by:



A Page

Director

Company number 04710850

Centrica Beta Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Called up share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2015	433,000	(191,152)	241,848
Loss for the financial year and total comprehensive loss	-	(49,638)	(49,638)
At 31 December 2015	433,000	(240,790)	192,210
	Called up share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2014	433,000	(145,272)	287,728
Loss for the financial year and total comprehensive loss	-	(45,880)	(45,880)
At 31 December 2014	433,000	(191,152)	241,848

The notes on pages 13 to 31 form an integral part of these financial statements.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

Centrica Beta Holdings Limited (the 'Company') is a company limited by share capital incorporated and domiciled in the UK.

These financial statements were authorised for issue by the Board on 24 August 2016.

2 Accounting policies

Basis of preparation

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements as it's a wholly owned subsidiary of Centrica plc. These financial statements present information about the Company as an individual undertaking and not about its group, and have been prepared on a going concern basis, as described in the Directors' Report.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has effected the reported financial position, financial performance and cash flows of the Company is provided in note 16.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Investments in subsidiaries, associates and joint ventures - on transition to FRS 101, investments in subsidiaries are measured at deemed cost, being the previous GAAP carrying value of the investment;

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of related parties transactions with wholly-owned subsidiaries;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Note that the Company has early adopted the following amendments to FRS 101 (effective for periods beginning on or after 1 January 2016) in these financial statements:

- Presentation of IAS format financial statements;
- Exemption from the presentation of a third balance sheet (being the opening balance sheet of the Company at the date of application of FRS 101).

As the consolidated financial statements of Centrica plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair value measurement* and the disclosures required by IFRS 7 *Financial instrument disclosures* have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

These financial statements are presented in pound sterling (with all values rounded to the nearest thousand pounds (£000) except when otherwise indicated), which is also the functional currency of the Company. Operations and transactions conducted in currencies other than the functional currency are translated in accordance with the foreign currencies accounting policy set out below.

The financial statements are prepared on the historical cost basis.

Going concern

The Financial Statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the Financial Statement were authorised.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2014 (the date of transition) have had a material effect on the financial statements.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Finance income

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Exceptional items

Exceptional items are those items which are of a non-recurring nature and, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include disposals of businesses, onerous contract charges and asset write-downs/impairments.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing at the reporting period date and are recognised in the income statement of the period. Non-monetary items that are measured at historical cost in a currency other than the functional currency of the Company are translated using the exchange rate prevailing at the date of the initial transaction and are not retranslated. Non-monetary items measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when fair value was measured.

Taxation

Current tax, including UK corporation tax, UK petroleum revenue tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in the income statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

Investments in subsidiaries

Fixed asset investments in subsidiaries' shares are held at deemed cost in accordance with IAS 27, less any provision for impairment as necessary.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ("CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade and other receivables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the effective interest rate ('EIR') (although in practice the discounting is often immaterial) less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group may not be able to collect the trade receivable. Balances are written off when recoverability is assessed as being remote. If collection is due in one year or less receivables are classified as current assets. If not they are presented as non-current assets.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR method (although, in practice, the discount is often immaterial). If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as non-current liabilities.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Company's income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily converted to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of 3 months or less.

Interest bearing loans and other borrowings

All interest-bearing (and interest free) loans and other borrowings with banks or similar institutions and 'intercompany entities' are initially recognised at fair value net of directly attributable transaction costs (if any, in respect of 'intercompany funding'). After initial recognition, these financial instruments are measured at amortised cost using the EIR method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's income statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

Investments

A key accounting judgement of the Company is the carrying value of its investments in subsidiary undertakings and receivables from these undertakings. The impairment review process identified that some investments and receivables from Group undertakings were not fully recoverable. The impairment charge in 2015 is £2,738,000 (2014: £1,240,000).

4 Exceptional items

The following exceptional items were recognised in arriving at operating loss of the reporting year:

	2015 £ 000	2014 £ 000
Impairment charges	<u>2,738</u>	<u>1,240</u>

An investment in Centrica Nigeria Limited (£43,000) (2014: £nil) and a receivable from Centrica Resources (Nigeria) Limited (£2,695,000) (2014: £1,240,000) were impaired as they were assessed as unlikely to be recoverable.

5 Net finance income/cost

Finance income

	2015 £ 000	2014 £ 000
Interest income from amounts owed by group undertakings	<u>5,705</u>	<u>24,205</u>
Total finance income	<u>5,705</u>	<u>24,205</u>

Finance interest

	2015 £ 000	2014 £ 000
Interest on amounts owed to group undertakings	(23,885)	(40,789)
Net foreign exchange losses on financing transactions	<u>(34,579)</u>	<u>(33,173)</u>
Total finance cost	<u>(58,464)</u>	<u>(73,962)</u>
Net finance cost	<u>(52,759)</u>	<u>(49,757)</u>

6 Auditors' remuneration

Auditors' remuneration totalling £18,608 (2014: £7,000) relates to fees for the audit of the statutory financial statements of the Company and includes fees in relation to the audit of the IFRS Group consolidation schedules, for the purpose of the Centrica plc Group audit and which also contributes to the audit of the Company.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

6 Auditors' remuneration (continued)

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group financial statements of its ultimate parent, Centrica plc.

7 Income tax

Tax credited in the income statement

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax at 20.25 % (2014: 21.49%)	<u>(5,859)</u>	<u>(5,117)</u>

The Company earns the majority of its profits in the UK. Most of these UK activities are subject to the standard rate for UK corporation tax, which from 1 April 2015 was 20% (2014: 21%).

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax rate to the profit before tax are reconciled below:

	2015 £ 000	2014 £ 000
Loss before taxation at 20.25% (2014: 21.49%)	<u>(55,497)</u>	<u>(50,997)</u>
Tax credit at standard UK rate	(11,236)	(10,961)
Effects of:		
Net expenses non-deductible for tax purposes	5,638	5,847
Increase in current tax from adjustment for prior periods	2	-
Decrease from effect of unrelieved tax losses carried forward	(154)	(1)
Decrease from transfer pricing adjustments	<u>(109)</u>	<u>(2)</u>
Total income tax credit	<u>(5,859)</u>	<u>(5,117)</u>

The main rate of corporation tax was reduced to 20% from 1 April 2015. Further reductions were enacted by Finance (No 2) Act 2015 to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. These enacted reduced rates of corporation tax have been reflected within these financial statements. The Chancellor of the Exchequer has announced a further reduction in the rate to 17% from 1 April 2020, which is expected to be substantively enacted as part of the Summer Finance Bill 2016 and is therefore not reflected in these financial statements. As such, the previously enacted rate of 18% from 1 April 2020 will not come into effect. The impact of the reduction in the corporate tax rate to 17% on the financial statements is expected to be immaterial.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

8 Investments

Investments classified as non-current

<i>Equity investments</i>	Shares in group undertakings (subsidiaries) £ 000	Total £ 000
Deemed cost		
At 1 January 2015	544,431	544,431
Additions	154	154
At 31 December 2015	544,585	544,585
Provision		
Impairments provided in the year	43	43
At 31 December 2015	43	43
Net book values		
At 31 December 2015	544,542	544,542
At 31 December 2014	544,431	544,431

All subsidiary undertakings are listed in note 13 to these financial statements.

On 31 March 2015 the Company invested £154,000, in the form of a capital contribution, in Centrica International Cooperatief WA, which is registered in the Netherlands.

The Company has recognised an impairment charge of £43,000 in respect of the total fixed asset investment in Centrica Nigeria Limited and arises from a reduction in the expected realisable value of the underlying operations of that Company.

9 Trade and other receivables

	2015 £ 000	2014 £ 000
Amounts owed by group undertakings	991,564	1,582,659

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Trade and other receivables (continued)

Amounts owed by Group undertakings of £307,035,000 (2014: £305,300,000) are unsecured and accrue interest at the 3 month LIBOR rate applicable on the last day of the preceding quarter with interest payable quarterly in arrears and are repayable on demand.

Amounts owed by Group undertakings of US\$989,849,000 (£671,858,000) (2014: US\$1,965,656,000 (£1,261,573,000)) are unsecured, accrue interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 2.03% and 2.46% per annum during 2015 (2014: 1.41% and 1.58%).

Amounts owed by Group undertakings of £10,900,000 (2014: £8,469,000) are unsecured and interest free.

£1,771,000 (2014: £7,317,000) relates to accrued interest.

All amounts owed by Group undertakings are repayable on demand.

Amounts owed by Group undertakings are net of impairment provisions of £49,548,000 (2014: £46,853,000).

On the 1 March 2015 as part of a restructuring of debt financing to subsidiaries in the USA, the loan to Centrica Finance (US) Limited was repaid, and subsequently debt funding was provided by Centrica Finance (US) Limited.

10 Trade and other payables

	2015 £ 000	2014 £ 000
Amounts owed to group undertakings	<u>1,343,896</u>	<u>1,885,242</u>

Amounts owed to Group undertakings includes £43,054,000 (2014: £40,608,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 2.36% and 2.88% per annum during 2015 (2014: 1.69% and 1.9%). All amounts payable to Group undertakings are unsecured with interest payable monthly in arrears and are repayable on demand.

Amounts owed to Group companies totalling US\$1,911,433,000 (£1,297,348,000) (2014: US\$2,855,106,000 (£1,832,637,000)) are unsecured, bear interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds (2014: US\$ Prime rate on the last day of the preceding quarter) with interest payable monthly in arrears and are repayable on demand.

Amounts owed to Group companies totalling £238,000 (2014: £238,000) are interest free and unsecured. The balance of £3,256,000 (2014: £11,759,000) relates to accrued interest.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

11 Called up share capital

Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>433,000</u>	<u>433,000</u>	<u>433,000</u>	<u>433,000</u>

12 Related party transactions

Directors' remuneration

The aggregate emoluments paid to directors in respect of their qualifying services were £312,520 (2014: £131,471). The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services were £35,611 (2014: £10,888). There were 2 directors (2014: 2) to whom retirement benefits are accruing under defined benefit pension schemes and 1 director (2014: 1) to whom retirement benefits are accruing under money purchase pension schemes. There were 3 directors (2014: 2) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme and 2 directors (2014: 1) who exercised share options relating to the ultimate parent company.

The prior year figures for aggregate emoluments paid to directors and Company contributions to pension schemes have been amended since the 2014 statutory accounts were finalised. This was due to a change in the method of allocation of emoluments to Group entities, as well as the inclusion of certain payments and allowances owed to directors. The prior year emoluments have been restated to £131,471.

The prior year pension contributions figures have been restated to £10,888. The Company had no employees during the year (2014: nil).

The directors' remuneration for the year was as follows:

	2015 £ 000	2014 £ 000 (restated)
Directors' emoluments	313	131
Contributions into pension schemes	<u>35</u>	<u>11</u>
	<u>348</u>	<u>142</u>

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related undertakings

The company has related undertakings as follows:

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Airco Mechanical Ltd.	Home and/or commercial services	United States	B	Ordinary shares		100
AirTime LLC	Home and/or commercial services	United States	C	Membership interest		100
Airtron Inc.	Home and/or commercial services	United States	B	Ordinary shares		100
Allegheny Solar 1 LLC (ii)	Energy supply and/or services	United States	Q	Membership interest		40
Astrum Solar Inc.	Home and/or commercial services	United States	D	Ordinary shares		100
AWHR America's Water Heater Rentals LLC	Home and/or commercial services	United States	B	Membership interest		100
Benjamin Franklin Franchising LLC	Home and/or commercial services	United States	C	Membership interest		100
Bounce Energy Inc.	Energy supply	United States	B	Ordinary shares		100
Bounce Energy NY LLC	Energy supply	United States	B	Membership interest		100
Bounce Energy PA LLC	Energy supply	United States	D	Membership interest		100

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
BuyMax LLC	Home and/or commercial services	United States	C	Membership interest		100
Centrica Alpha Finance Limited	Dormant	United Kingdom	A	Ordinary shares		100
Centrica America Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Bastrop Finance Holdings	In liquidation	United Kingdom	A	Ordinary shares		100
Centrica Finance (US) Limited	Holding company	United Kingdom	A	Ordinary shares	100	
Centrica HoldCo GP LLC	Holding company	United States	B	Membership interest		100
Centrica Nigeria Limited	Holding company	United Kingdom	A	Ordinary shares	100	
Centrica Resources (Nigeria) Limited	Gas and/or oil exploration and production	Nigeria	G	Ordinary shares		100
Centrica US Holdings Inc.	Holding company	United States	B	Ordinary shares	100	
Clockwork Acquisition II Inc.	Home and/or commercial services	United States	B	Ordinary shares		100
Clockwork Inc.	Home and/or commercial services	United States	B	Ordinary shares		100
Clockwork IP LLC	Holding company	United States	B	Membership interest		100
CPL Retail Energy LP	Energy supply	United States	B	Membership interest		100
Direct Energy Business LLC	Energy supply and/or services	United States	B	Membership interest		100

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Direct Energy Business Marketing LLC	Energy supply and/or services	United States	B	Membership interest		100
Direct Energy GP LLC	Holding company	United States	B	Membership interest		100
Direct Energy Investments LLC	Energy supply and/or services	United States	B	Membership interest		100
Direct Energy Leasing LLC	Home and/or commercial services	United States	B	Membership interest		100
Direct Energy LP	Energy supply	United States	P	Membership interest		100
Direct Energy Marketing Inc.	Wholesale energy trading	United States	B	Ordinary and preference shares		100
Direct Energy New York Corporation	Energy supply	United States	B	Ordinary shares		100
Direct Energy Operations LLC	Energy supply and/or services	United States	B	Membership interest		100
Direct Energy Power Holdings Inc.	Holding company	United States	B	Ordinary shares		100
Direct Energy Services LLC	Energy supply and/or services	United States	B	Membership interest		100
Direct Energy Services Retail Inc.	Home and/or commercial services	United States	B	Ordinary shares		100
Direct Energy Small Business LLC	Energy supply	United States	H	Membership interest		100
Direct Energy Source LLC	Energy supply	United States	I	Membership interest		100

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Direct Energy US Home Services Inc.	Home and/or commercial services	United States	B	Ordinary shares		100
Energetix DE LLC	Energy supply	United States	B	Membership interest		100
Energy America LLC	Energy supply	United States	B	Membership interest		100
First Choice Power GP LLC	Holding company	United States	B	Membership interest		100
First Choice Power LP	Energy supply and/or services	United States	P	Membership interest		100
First Choice Power Special Purpose LP	Energy supply and/or services	United States	P	Membership interest		100
Gateway Energy Services Corporation	Energy supply	United States	H	Ordinary shares		100
Home Warranty Holdings Corp.	Insurance provision	United States	B	Ordinary shares		100
Home Warranty of America Inc. (iii)	Home and/or commercial services	United States	J	Ordinary shares		100
Home Warranty of America Inc. (iii)	Home and/or commercial services	United States	K	Ordinary shares		100
Manheim CNG Center LLC	Energy supply and/or services	United States	B	Membership interest		50
Masters Inc.	Home and/or commercial services	United States	D	Ordinary shares		100

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Mister Sparky Franchising LLC	Home and/or commercial services	United States	L	Membership interest		100
New Millennium Academy LLC	Home and/or commercial services	United States	C	Membership interest		100
NYSEG Solutions LLC	Energy Supply	United States	B	Membership interest		100
O'Connor Plumbing, Heating & Cooling Inc.	Home and/or commercial services	United States	M	Ordinary shares		100
One Hour Air Conditioning Franchising LLC	Home and/or commercial services	United States	L	Membership interest		100
Quality A/C Service LLC	Home and/or commercial services	United States	O	Membership interest		100
RSG Holding Corp.	Holding company	United States	B	Ordinary shares		100
SuccessWare Inc.	Home and/or commercial services	United States	C	Ordinary shares		100
Three Rivers Solar 1 LLC	Energy supply and/or services	United States	Q	Membership interest		40
Three Rivers Solar 2 LLC (ii)	Energy supply and/or services	United States	Q	Membership interest		40
UWIN LLC	Home and/or commercial services	United States	L	Membership interest		100

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Willis Refrigeration, Air Conditioning & Heating Inc.	Home and/or commercial services	United States	B	Ordinary shares		100
WTU Retail Energy LP	Energy Supply	United States	B	Membership interest		100

(i) For list of registered addresses, refer to below table

(ii) Acquired in 2015

(iii) Home Warranty of America Inc. is registered as separate entities in the states of California and Illinois

All companies principally operate within their country of incorporation.

List of registered addresses

Registered address key	Address
A	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
B	3411 Silverside Road Rodney Building #104, Wilmington, DE 19810, United States
C	12747 Olive Boulevard #300, St. Louis, MO 63141, United States
D	2 Wisconsin Circle #700, Chevy Chase, MD 20815, United States
E	Polarisavenue 39, 2132 JH Hoofddorp, Netherlands
F	L-107, Lajpat Nagar-2, New Delhi, 110024, India
G	Sterling Towers, 20 Marina, Lagos, Nigeria
H	15 North Mill Street, Nyack, NY 10960, United States
I	105 E. Jefferson Boulevard #800, South Bend, IN 46601, United States
J	1430 Truxtun Avenue, Bakersfield, CA 93301, United States
K	350 S. Northwest Highway #300, Park Ridge, IL 60068, United States
L	11380 Prosperity Farms Road # 221E, Palm Beach Gardens, FL 33410, United States
M	5200 Willson Road #150, Edina, MN 55424, United States
N	20 Atir Yeda St., Kfar Saba 44643, Israel
O	8275 South Eastern Avenue #200, Las Vegas, NV 89123, United States
P	4265 San Felipe #1100, Houston, TX 77027, United States
Q	1209 Orange Street, Wilmington, New Castle County, DE 19801, United States

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

14 Parent and ultimate parent undertaking

The immediate parent undertaking is Centrica plc, a company registered in England and Wales.

The ultimate parent 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 statements. Copies of the Centrica plc consolidated financial statements may be obtained from www.centrica.com.

The most senior parent entity producing publicly available financial statements is Centrica plc.

15 Non adjusting events after the financial period

In June 2016, a UK referendum resulted in a vote for the country to leave the European Union and the resultant uncertainty adds to the challenges for UK businesses in all sectors. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates and interest rates. These movements could impact, amongst other things, the translational value of our overseas interests in North America and the carrying value and cost of servicing our group debt. Sensitivity analysis associated with the Group's exposure to currency, interest rate and commodity price risk was included in note S3 of the Group's Annual Report and Accounts for 2015. Overall, we judge the direct impacts on Centrica and the Company specifically to be minimal in the short term.

There have been no other non adjusting events.

16 Transition to FRS 101

As stated in the 'basis of preparation' note, these are the Company's first Financial Statements prepared in accordance with FRS 101. The accounting policies set out in the policies note have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 101 financial statements, the Company has adjusted amounts reported previously in its financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables as well as in the related footnotes.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

16 Transition to FRS 101 (continued)

Statement of Financial Position as at 31 December 2014

	UK GAAP 2014 £ 000	Effects of adjustments on transition to FRS 101 £ 000	FRS 101 2014 £ 000
Non-current assets			
Investments	578,860	(34,429)	544,431
Current assets			
Trade and other receivables	1,582,659	-	1,582,659
Total assets	<u>2,161,519</u>	<u>(34,429)</u>	<u>2,127,090</u>
Current liabilities			
Trade and other payables	(1,885,242)	-	(1,885,242)
Total liabilities	<u>(1,885,242)</u>	<u>-</u>	<u>(1,885,242)</u>
Capital and reserves			
Share capital	433,000	-	433,000
Retained earnings	(156,723)	(34,429)	(191,152)
Total equity	<u>276,277</u>	<u>(34,429)</u>	<u>241,848</u>

The Company previously applied SSAP 20 to recognise that foreign currency borrowings were entered into to hedge foreign currency investments. The revalued amount for investments at 1 January 2014 has been deemed to be the cost of these investments and the foreign exchange gain of £34,429,000 recognised in 2014 has been deducted to correct the opening cost of investments.

Centrica Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

16 Transition to FRS 101 (continued)

Income Statement for the year ended 31 December 2014

	UK GAAP 2014 £ 000	Effects of adjustments on transition to FRS 101 - Reclassification £ 000	Effects of adjustments on transition to FRS 101 - Remeasurement £ 000	FRS 101 2014 £ 000
Operating costs	(8,451)	33,173	(25,962)	(1,240)
Finance income	24,205	-	-	24,205
Finance cost	(40,789)	(33,173)	-	(73,962)
Loss before income tax	(25,035)	-	(25,962)	(50,997)
Income tax expenses	5,117	-	-	5,117
Loss for the financial year	(19,918)	-	(25,962)	(45,880)

The foreign exchange loss on borrowings of £25,962,000 previously taken to reserves in 2014 under SSAP 20 has been added back to the total foreign exchange gain recorded in the income statement and the total loss of £33,173,000 reclassified from operating costs to finance cost.

There has been no change to the statement of comprehensive income.

Equity reconciliation

	1 January 2014 £000	31 December 2014 £000
UK GAAP - as previously reported	287,728	276,277
Adjustment to reverse foreign exchange on revaluation of investments in group subsidiaries	-	(34,429)
Total equity - FRS 101	287,728	241,848

The investments have been brought in at deemed cost at 1 January 2014 which is the date of transition. The foreign exchange revaluation adjustment of £34,429,000 (1 January 2014: £nil) made in the 2014 financial statements has therefore been reversed.