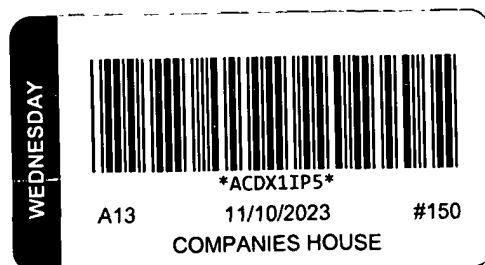


Registration number: 04815511

Centrica Barry Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



Centrica Barry Limited

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Centrica Barry Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present their Strategic Report for Centrica Barry Limited (the 'Company') for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is the development, construction and operational ownership of a 20MW gas peaker asset in Redditch. This new asset is expected to commence operations between late 2023 and early 2024.

The Company previously operated a 235MW gas-fired combine cycle turbine generating station in Wales. However, this power station ceased operation in March 2019 and the remaining activities include the demolition and decommissioning of the power station. Costs are currently provided for at our best estimate of the expected decommissioning costs.

Company strategy and review of the business

The Company is currently evaluating development opportunities at the Barry power station, Redditch and other sites.

The financial position of the Company is presented in the Statement of Financial Position on page 11. Total equity as at 31 December 2022 was £3,809,000 (2021: £5,053,000). The loss for the financial year ended 31 December 2022 was £1,244,000 (2021: profit £173,000).

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosures Framework ('FRS 101').

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Centrica plc group (the 'Group') and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 28-33 of the Group's Annual Report and Accounts 2022, which does not form part of this report.

The future costs of decommissioning work and the dates of those payments are uncertain and are dependent on the lives of the facilities.

Ukraine conflict

The Company is a subsidiary of the Centrica group, and as such is impacted by the energy crisis and Ukraine conflict. The energy markets remain very volatile, but the Centrica group continues to maintain a hedging strategy aligned to the price cap to minimise the exposure to market prices. The Company does not own any businesses or operate in Russia or Ukraine and so has no direct impacts from those two countries. Furthermore, the Company has no investments in Russian entities or bonds. The Company is not expecting any direct material impacts but will keep monitoring the position.

Centrica Barry Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Key performance indicators ('KPIs')

Given the nature of the business, the Company's Directors are of the opinion that the KPI necessary for an understanding of the development, performance and position of the Company is profit after tax.

The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 26-27 of the Group's Annual Report and Accounts 2022, which does not form part of this report. The results of the Company are disclosed in the Directors' Report on page 3.

Carbon emissions and energy usage

Carbon emissions and energy usage are not disclosed at a Company level due to exemptions detailed in Para 20A of Schedule 7 of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Carbon emissions and energy usage reporting for the Group is included in the 'People and Planet' section on pages 42-44 of Centrica plc's Annual Report and Accounts 2022. Specific metrics and targets are disclosed in the 'Task Force on Climate-related Financial Disclosures' section on pages 51 to 53 of the Group's Annual Report and Accounts 2022.

Future developments

The Directors are considering the future activities of the Company including development opportunities at the Barry power station, Redditch and other sites. Future plans involve utilising other electricity generation technologies at our sites to maximise the usage of the grid connections available to the Company. The Company expects the new 20MW gas peaker asset in Redditch to become fully operational between late 2023 and early 2024.

Approved by the Board on 26/09/2023 and signed on its behalf by:



Samantha Hood

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

Company registered in England and Wales, No. 04815511

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

Centrica Barry Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors of the Company

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements were as follows:

M Dennis

B W V Rees

G C McKenna (appointed 21 March 2022)

A Z Longmuir (appointed 21 March 2022 and resigned 26 June 2023)

Results and dividends

The results of the Company are set out on page 10. The loss for the financial year ended 31 December 2022 is £1,244,000 (2021: profit £173,000).

The Company did not pay an interim dividend during the year (2021: £nil) and the Directors do not recommend the payment of a final dividend (2021: £nil).

Financial Risk Management Policy

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 in terms of price risk, credit risk, liquidity risk and cash flow risk

Exposure to price risk, counterparty credit risk, liquidity risk and cash flow risk arises in the normal course of the Company's business. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings. Credit risk is managed through the Group continually reviewing its rating thresholds for relevant counterparty credit limits and updating these as necessary, based on a consistent set of principles. Price risks are managed through using a range of derivatives to hedge any exposures arising.

The Directors are considering the future activities of the Company including opportunities for future investments.

Future developments

Future developments are discussed in the Strategic Report on page 2.

Centrica Barry Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Going concern

The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Directors have updated their Group going concern assessment as at 30 June 2023. The going concern assessment has included stress-testing cash forecasts for different scenarios including reasonably possible increases/ decreases in commodity prices and evaluating risk scenarios for reasonably possible combinations of risks, the largest of which is the increased margin outflows in the trading and upstream businesses. Risks considered also include the impact of significant adverse weather events, increased bad debt charges due to the cost of living crisis, the risk of financial loss due to counterparty default and production falls in the Group's upstream business. The Group has established enhanced processes in the trading business and in respect of upstream to plan for and manage possible increases in margin cash requirements. The Group undrawn committed facilities as at 30 June 2023 were £3.8 billion in addition to Group unrestricted cash and cash equivalents of £5.9 billion. The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that there are no material uncertainties relating to going concern. As a result, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

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. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Centrica Barry Limited

Directors' Report for the Year Ended 31 December 2022 (continued)


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 that 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. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

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

Approved by the Board on26/09/2023..... and signed on its behalf by:



Samantha Hood

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

Company registered in England and Wales, No. 04815511
Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

Centrica Barry Limited

Independent Auditors' Report to the Members of Centrica Barry Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Centrica Barry Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Centrica Barry Limited

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the documentation of the policies and procedures relating to fraud and compliance with laws and regulations that has been established by the Company's ultimate parent. We also enquired of management and directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Centrica Barry Limited

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

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Centrica Barry Limited

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

D. Winstone

Daryl Winstone (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London

United Kingdom

Date: 26/9/23

Centrica Barry Limited

Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Operating costs	4	<u>(313)</u>	<u>(335)</u>
Operating loss		<u>(313)</u>	<u>(335)</u>
Finance income	6	83	264
Finance costs	6	<u>(12)</u>	<u>-</u>
Net finance income		<u>71</u>	<u>264</u>
Loss before taxation		(242)	(71)
Taxation on loss	9	<u>(1,002)</u>	<u>244</u>
(Loss)/profit for the year		<u><u>(1,244)</u></u>	<u><u>173</u></u>

The above results were derived from continuing operations.

There were no recognised gains and losses in either period other than those shown above and accordingly no separate Statement of Comprehensive Income has been included in the Financial Statements.

Centrica Barry Limited

Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Non-current assets			
Property, plant and equipment	10	6,740	-
Deferred tax assets	9	135	1,137
		<u>6,875</u>	<u>1,137</u>
Current assets			
Trade and other receivables	11	1,937	6,844
Cash and cash equivalents		-	10
		<u>1,937</u>	<u>6,854</u>
Total assets		<u>8,812</u>	<u>7,991</u>
Current liabilities			
Trade and other payables	13	(614)	(73)
Provisions for other liabilities and charges	14	(5)	(5)
Borrowings	12	(36)	-
		<u>(655)</u>	<u>(78)</u>
Net current assets		<u>1,282</u>	<u>6,776</u>
Total assets less current liabilities		8,157	7,913
Non-current liabilities			
Provisions for other liabilities and charges	14	(3,166)	(2,860)
Borrowings	12	(1,182)	-
		<u>(4,348)</u>	<u>(2,860)</u>
Net assets		<u>3,809</u>	<u>5,053</u>
Equity			
Share capital	15	-	-
Share premium		2,443	2,443
Retained earnings		1,366	2,610
Total equity		<u>3,809</u>	<u>5,053</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

Centrica Barry Limited

Statement of Financial Position as at 31 December 2022 (continued)

The financial statements on pages 10 to 24 were approved and authorised for issue by the Board of Directors on
.....26/09/2023..... and signed on its behalf by:



.....
M Dennis
Director

Company number 04815511

Centrica Barry Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2022	-	2,443	2,610	5,053
Loss for the year	-	-	(1,244)	(1,244)
Total comprehensive income	-	-	(1,244)	(1,244)
At 31 December 2022	-	2,443	1,366	3,809

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	-	2,443	2,437	4,880
Profit for the year	-	-	173	173
Total comprehensive expense	-	-	173	173
At 31 December 2021	-	2,443	2,610	5,053

The notes on pages 14 to 24 form an integral part of these financial statements.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

Centrica Barry Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The address of its registered office and principal place of business is:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

2 Accounting policies

Basis of preparation

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 UK adopted International Financial Reporting Standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company financial statements are presented in pounds sterling which is the functional currency of the Company.

Changes in accounting policy

From 1 January 2022, the following standards and amendments are effective in the Company's Financial Statements:

- Amendments to IFRS 17 and IFRS 4: 'Insurance Contracts' - deferral of IFRS 9;
- Amendments to IAS 16: 'Property, Plant and Equipment', sale proceeds before intended use; and
- Annual improvements to IFRS 2018-2020.

None of these changes or amendments had any material impact on the Company's financial statements.

Summary of disclosure exemptions

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

- the requirements of IAS 7 'Statement of Cash Flows';
- the statement of compliance with Adopted IFRSs;
- the effects of new but not yet effective IFRSs;
- prior year reconciliations for property, plant and equipment and intangible assets;
- the prior year reconciliations in the number of shares outstanding at the beginning and at the end of the year for share capital;
- disclosures in respect of related party transactions with wholly-owned subsidiaries in a group;
- disclosures in respect of the compensation of key management personnel;

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

- disclosures in respect of capital management;
- certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible asset.

Measurement convention

The financial statements have been prepared on the historical cost basis.

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.

Going concern

The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Directors have updated their Group going concern assessment as at 30 June 2023. The going concern assessment has included stress-testing cash forecasts for different scenarios including reasonably possible increases/ decreases in commodity prices and evaluating risk scenarios for reasonably possible combinations of risks, the largest of which is the increased margin outflows in the trading and upstream businesses. Risks considered also include the impact of significant adverse weather events, increased bad debt charges due to the cost of living crisis, the risk of financial loss due to counterparty default and production falls in the Group's upstream business. The Group has established enhanced processes in the trading business and in respect of upstream to plan for and manage possible increases in margin cash requirements. The Group undrawn committed facilities as at 30 June 2023 were £3.8 billion in addition to Group unrestricted cash and cash equivalents of £5.9 billion. The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that there are no material uncertainties relating to going concern. As a result, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

Finance costs

Interest expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Where a specific financing arrangement is in place, the specific borrowing rate for that arrangement is applied. For non-specific financing arrangements, a borrowing rate representative of the weighted average borrowing rate is used. Financing costs not arising in connection with the acquisition, construction or production of a qualifying asset are expensed.

Finance income

Interest 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.

Foreign currencies

Transactions in foreign currencies are, on initial recognition, recorded in the functional currency of the Company at the exchange rate ruling at the date of the transaction.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the Company at the rates prevailing at the reporting date, and associated gains and losses are recognised in the Income Statement for the year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income' or 'finance costs'. All other foreign exchange gains and losses are presented in the Income Statement in the respective financial line item to which they relate.

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 dates 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 the fair value was measured.

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 substantively enacted by the reporting 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 reporting date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) 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.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the reporting date.

Property, plant and equipment ('PP&E')

PP&E is included in the Statement of Financial Position at cost, less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Subsequent expenditure in respect of items of PP&E, such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day servicing, repairs and maintenance, is expensed as incurred.

Freehold land is not depreciated. Other PP&E, with the exception of upstream production assets (for which the 'unit of production method' is used), are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised in the Income Statement within interest expense.

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

Decommissioning costs

Provision is made for the net present value of the estimated cost of decommissioning power stations at the end of their useful lives, based on price levels and technology at the reporting date.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The unwinding of the discount on the provision is included in the Income Statement within interest expense.

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 initially recognised at fair value, which is usually the original invoice amount, and are subsequently held at amortised cost using the effective interest method less an allowance for expected credit losses.

- Trade and other payables

Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest 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.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

- 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 convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

- Loans and other borrowings

All interest-bearing and interest-free loans and other borrowings are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, these financial instruments are measured at amortised cost using the effective interest 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.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimations (which are dealt with separately below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Decommissioning costs

The estimated cost of decommissioning of power stations is reviewed periodically and is based on price levels and technology at the reporting date. Provision is made for the estimated cost of decommissioning at the reporting date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Analysis of costs by nature

	2022			2021		
	Cost of sales £ 000	Operating costs £ 000	Total costs £ 000	Cost of sales £ 000	Operating costs £ 000	Total costs £ 000
Depreciation	-	(21)	(21)	-	-	-
Other operating costs	-	23	23	-	(13)	(13)
Provision movement	-	(315)	(315)	-	(322)	(322)
Total costs by nature	<u>-</u>	<u>(313)</u>	<u>(313)</u>	<u>-</u>	<u>(335)</u>	<u>(335)</u>

5 Employee costs

The Company had no employees during the year (2021: nil).

6 Net finance income

Finance income

	2022 £ 000	2021 £ 000
Interest income from amounts owed by Group undertakings	<u>83</u>	<u>264</u>
Total finance income	<u><u>83</u></u>	<u><u>264</u></u>

Finance cost

	2022 £ 000	2021 £ 000
ROU Finance lease charges	<u>(12)</u>	<u>-</u>
Total finance costs	<u><u>(12)</u></u>	<u><u>-</u></u>
Net finance income/(cost)	<u><u>71</u></u>	<u><u>264</u></u>

7 Directors' remuneration

The Directors were remunerated as employees of Centrica plc Group and did not receive any remuneration, from any source, for their services as Directors of the Company during the current or preceding financial year. Accordingly, no details in respect of their emoluments have therefore been included in these financial statements.

8 Auditors' remuneration

Costs of £11,000 (2021: £10,000) for the audit of the financial statements were borne by other Group companies.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Income tax

Tax credited/(charged) in the Income Statement

	2022 £ 000	2021 £ 000
Current taxation		
	-	-
Total current income tax	-	-
Deferred taxation		
Origination and reversal of temporary differences	(761)	(29)
Changes in tax rates	(241)	273
Total deferred taxation	(1,002)	244
Taxation	(1,002)	244

The UK rate of corporation tax for the year ended 31 December 2022 was 19% (2021: 19%). The rate of corporation tax has increased to 25% with effect from 1 April 2023. As at 31 December 2022 the deferred tax balances included in these Financial Statements are based on the enacted rate of corporation tax having regard to their reversal profiles.

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

	2022 £ 000	2021 £ 000
Loss before tax	(242)	(71)
Tax at standard UK corporation tax rate of 19% (2021: 19%)	46	13
Decrease (increase) from effect of revenues exempt from taxation	212	-
Decrease arising from group relief tax reconciliation	(1,027)	(45)
Increase/(decrease) from transfer pricing adjustments	7	3
Deferred tax credit relating to changes in tax rates or laws	(240)	273
Total tax (charge)/credit	(1,002)	244

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Income tax (continued)

Deferred tax

The movements in respect of the deferred income tax assets and liabilities that occurred during the financial year are as follows:

	Accelerated tax depreciation £000	Other items £000	Total £ 000
1 January 2022	524	613	1,137
Credited to the Income Statement	(1,151)	149	(1,002)
31 December 2022	<u>(627)</u>	<u>762</u>	<u>135</u>

	Accelerated tax depreciation £000	Other items £000	Total £ 000
1 January 2021	427	466	893
Charged to the Income Statement	97	147	244
31 December 2021	<u>524</u>	<u>613</u>	<u>1,137</u>

The following is an analysis of the gross deferred tax balances and associated offsetting balances for financial reporting purposes:

	2022		2021	
	Assets £ 000	Liabilities £ 000	Assets £ 000	Liabilities £ 000
Gross deferred tax balances				
crystallising after one year	<u>762</u>	<u>(627)</u>	<u>1,137</u>	<u>-</u>
	<u>762</u>	<u>(627)</u>	<u>1,137</u>	<u>-</u>

The deferred tax asset of £762,000 is deemed to be recoverable as the Company is constructing a new gas peaker asset which will generate income in future periods.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Property, plant and equipment

	Land and buildings £ 000	Assets under construction £ 000	Total £ 000
Cost			
Additions	1,236	5,525	6,761
At 31 December 2022	1,236	5,525	6,761
Accumulated depreciation and impairment			
Charge for the year	(21)	-	(21)
At 31 December 2022	(21)	-	(21)
Net book value			
At 31 December 2022	1,215	5,525	6,740
At 31 December 2021	-	-	-

Land and buildings additions of £1,236,000 are for a right-of-use asset relating to a lease of land in Redditch.

11 Trade and other receivables

	2022 Current £ 000	2021 Current £ 000
Amounts owed by Group undertakings	1,740	6,844
Prepayments	3	-
VAT	6	-
Other receivables	188	-
	<u>1,937</u>	<u>6,844</u>

The amounts owed by Group undertakings have been presented on a net basis if there is a legal right of offset, and the intent is to settle amounts on a net basis. Included within the net amounts owed by Group undertakings disclosed above is a receivable of £5,051,000 (2021: £7,097,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 0.35% and 2.72% per annum during 2022 (2021: 3.61% and 4.23%). Netted against this is a payable to group undertakings of £3,311,000 (2021: £253,000) that is non-interest bearing. All amounts owed by Group undertakings are unsecured and repayable on demand.

Other receivables of £188,000 is cash collateral for the participation of Redditch peaking plant in the capacity market.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Loans and borrowings

	31 December 2022 £ 000	31 December 2021 £ 000
Non-current bank overdrafts, loans and borrowings		
Lease liabilities	<u>(1,182)</u>	<u>-</u>

	31 December 2022 £ 000	31 December 2021 £ 000
Current bank overdrafts, loans and borrowings		
Lease liabilities	<u>(36)</u>	<u>-</u>

Lease liabilities of £1,218,000 (2021: £nil) represent a finance lease for a right-of-use land asset in Redditch, where the Company is constructing a new gas peaker asset.

13 Trade and other payables

	2022 Current £ 000	2021 Current £ 000
Trade payables	(45)	(73)
Accrued expenses	(125)	-
Amounts owed to Group undertakings	<u>(444)</u>	<u>-</u>
	<u>(614)</u>	<u>(73)</u>

Amounts owed to Group undertakings are interest-free, unsecured and repayable on demand.

Accrued expenses of £125,000 is deferred consideration for the purchase of Redditch assets and project development rights for a gas peaking plant.

Centrica Barry Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Provisions for other liabilities and charges

	Decommissioning £ 000	Other £ 000	Total £ 000
At 1 January 2022	(2,701)	(163)	(2,864)
Revisions	(353)	-	(353)
Unused provision reversed to the Income Statement	-	38	38
Provisions used	8	-	8
At 31 December 2022	<u>(3,046)</u>	<u>(125)</u>	<u>(3,171)</u>
Non-current liabilities	<u>(3,046)</u>	<u>(120)</u>	<u>(3,166)</u>
Current liabilities	<u>-</u>	<u>(5)</u>	<u>(5)</u>

15 Capital and reserves

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

16 Parent and ultimate parent undertaking

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

The ultimate parent undertaking 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.

The registered address of Centrica plc is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD.