

Centrica Barry Limited (Revised)  
Annual report  
For the year ended 31 December 2004

AMENDING

Registered Number: 4815511



# Centrica Barry Limited

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**Directors' report for the year ended 31 December 2004**

The directors present their report and the audited financial statements of Centrica Barry Limited ("the Company") for the year ended 31 December 2004.

**Principal activities**

The principal activity of the Company is the operation of a 240MW gas fired combined cycle gas turbine generating station at Sully Moors Road, Sully, Vale of Glamorgan, Wales.

**Review of business and future developments**

The Company was incorporated on 30 June 2003 and acquired the operations and entire economic interest in the gas fired power station from AES Barry Limited and AES Barry Operations Limited on 29 July 2003. During the year the Company continued the operation of Barry Power Station. There are no plans to change the nature of activities in the foreseeable future. The Company operates under a capacity tolling arrangement with British Gas Trading Limited who are responsible for energy procurement for the Centrica Group.

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

**Results and dividends**

The profit on ordinary activities after taxation for the year ended 31 December 2004 is £5,326,000 (2003: £353,000 loss). A dividend of £101,000 (2003: £ nil) has been paid on the irredeemable preference shares.

**Revised financial statements**

The financial statements for the year ended 31 December 2004 were previously filed incorrectly with an arithmetic error in the balance sheet. These financial statements are therefore presented as an amended version for the year ended 31 December 2004 and replace the original financial statements for that financial year. The revised financial statements have been prepared as at 26 October 2005, the date of approval of the original financial statements. Accordingly they do not deal with events between that date and the date of the revision.

**Directors**

The following served as directors during the year:

	<b>Date of Appointment</b>	<b>Date of Resignation</b>
Michael Garstang	30/06/2003	
Alan Bennett	30/06/2003	
Ian Wood	30/06/2003	11/02/2004
Amanda King	18/08/2003	
Simon Goodwin (alternate director)	01/07/2003	11/02/2004
Stephen Mancey (alternate director)	30/06/2003	11/02/2004
Jonathan Bradley	11/02/2004	
Simon Goodwin	11/02/2004	

**Directors' interests**

At no time did any Director holding office at 31 December 2004 have any interest in the shares of the Company or any other company within the Centrica plc Group except for the interests in, and the options over, the shares and interests of the ultimate parent company, Centrica plc.

On 25 October 2004, the ordinary share capital of Centrica plc was consolidated on the basis of 9 new ordinary shares of 6 <sup>14</sup>/<sub>81</sub> pence per share for every 10 existing ordinary shares of 5 <sup>5</sup>/<sub>9</sub> pence per share. Shares shown as 31 December 2003 are on a pre-consolidation basis and those shown at 31 December 2004 are shown on a post-consolidation basis. The directors with interests in and options over the ordinary shares of Centrica plc at the year end are as follows:

**Directors' report for the year ended 31 December 2004 (continued)****Beneficial interests in ordinary shares**

	<b>As at 31 December 2004</b>	<b>As at 31 December 2003*</b>
Michael Garstang	-	246
Alan Bennett	2,077	3,810
Amanda King	1,380	758
Simon Goodwin	5,530	1,431
Jonathan Bradley	123,658	113,745

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

\* or at date of appointment.

**Centrica Sharesave scheme**

	<b>As at 31 December 2004</b>	<b>Lapsed during the year</b>	<b>Exercised during the year</b>	<b>Granted during The year</b>	<b>As at 31 December 2003*</b>
Michael Garstang	-	-	-	-	-
Alan Bennett	8,823	-	-	-	8,823
Amanda King	5,161	-	-	5,161	-
Simon Goodwin	10,776	-	-	-	10,776
Jonathan Bradley	8,823	-	-	-	8,823

Options over shares in Centrica plc were granted on 6th April 2004 at an option price of 182.6 pence per share.

\* or at date of appointment.

**Centrica Executive Share Option Scheme**

	<b>As at 31 December 2004</b>	<b>Exercised during the year</b>	<b>Granted during the year</b>	<b>As at 31 December 2003*</b>
Michael Garstang	-	-	-	-
Alan Bennett	169,298	-	66,979	102,319
Amanda King	-	-	-	-
Simon Goodwin	-	-	-	-
Jonathan Bradley	141,689	-	59,834	81,855

Options over shares in Centrica plc were granted on 18 March 2004 at an option price of 223.95 pence per share.

\* or at date of appointment.

**Directors' report for the year ended 31 December 2004 (continued)****Centrica Long term incentive scheme**

	As at 31 December 2004	Lapsed during the year	Exercised during the year	Granted during the year	As at 31 December 2003*
Michael Garstang	94,377	5,123	15,369	21,365	93,504
Alan Bennett	131,448	5,977	43,813	34,574	146,664
Amanda King	83,228	-	-	24,534	58,694
Simon Goodwin	17,121	2,037	6,111	9,275	15,994
Jonathan Bradley	117,558	5,062	38,406	30,895	130,131

Total allocations as at 31 December 2004 shown above include both allocations of shares that are subject to performance conditions and allocations of shares that have reached the conclusion of the relevant three-year performance period but are subject to a two-year retention period.

A conditional allocation of shares was made on 1 April at a price of 225.6 pence per share.

\* or at date of appointment.

**Centrica Restructured Executive Share Option Scheme**

	As at 31 December 2004	Lapsed during the year	Exercised during the year	Granted during the year	As at 31 December 2003
Michael Garstang	-	-	-	-	-
Alan Bennett	-	-	-	-	-
Amanda King	-	-	-	-	-
Simon Goodwin	-	-	-	-	-
Jonathan Bradley	62,469	-	-	-	62,469

Options were granted under the terms of the ultimate parent company's Sharesave scheme, Executive Share Option scheme and Restructured Share Option scheme, and allocations made under the terms of the Long-term Incentive scheme. Details of these schemes and the Share Incentive Plan can be found in the 2004 accounts of Centrica plc, copies of which can be obtained from the Secretariat Department of Centrica plc or from [www.centrica.com](http://www.centrica.com).

The middle market price of a Centrica plc ordinary share on the last day of trading of 2004 (31 December) was 236.25 pence. The range during the year was 256.25 pence (high) and 196.94 pence (low).

As at 31 December 2004, 6,400,000 shares (1 January 2004: 21,200,505) were held by the trustee of the employee share trust under the LTIS rules. The directors are deemed to have a potential interest in those shares, being beneficiaries under the trust.

There were no contracts of significance during or at the end of the financial year to which the Company or any subsidiary and associated undertakings is a party and in which any director is or was materially interested.

**Directors' report for the year ended 31 December 2004 (continued)**

**Related party transactions**

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica group companies. There have been no other discloseable related party transactions during the year.

**Political and charitable donations**

The Company made no political or charitable donations during the year.

**Directors' and officers' liability**

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review.

**Creditor payment policy**

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

**Auditors**

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to reappoint auditors annually, and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the Board on 21<sup>st</sup> December 2005.

For and on behalf of  
Centrica Secretaries Limited  
Company Secretary



Steven Leven

Registered office:

Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditors' report to the Shareholder of Centrica Barry Limited**

We have audited the revised financial statements, which comprise the profit and loss account, the balance sheet and the related notes and the accounting policies set out in the statement of accounting policies. The revised financial statements replace the original financial statements approved by the directors on 26 October 2005.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the revised financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the revised financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the revised financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the revised financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the revised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the revised financial statements. The other information comprises only the directors' report.

**Basis of opinion**

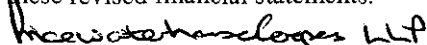
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the revised financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the revised financial statements.

**Opinion**

In our opinion the revised financial statements give a true and fair view, seen as at 26 October 2005, the date the original financial statements were approved, of the state of the Company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under The Companies (Revision of Defective Accounts and Report) Regulations 1990.

In our opinion the original financial statements for the year ended 31 December 2004 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the director's report to these revised financial statements.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors  
Hull

12 January 2006



**Profit and loss account for the year ended 31 December 2004**

	Notes	2004 £'000	2003 £'000
<b>Turnover</b>	3	<b>15,175</b>	4,297
Cost of sales		<b>(5,179)</b>	(2,210)
Gross profit		<b>9,996</b>	2,087
Administration expenses		<b>(2,091)</b>	(985)
Other operating income		<b>392</b>	383
<b>Operating profit</b>	4	<b>8,297</b>	1,485
Interest payable and similar charges	7	<b>(1,439)</b>	(1,027)
<b>Profit on ordinary activities before taxation</b>		<b>6,858</b>	458
Tax on profit on ordinary activities	8	<b>(1,532)</b>	(811)
<b>Retained profit/(loss) for the year</b>		<b>5,326</b>	(353)
Dividends	9	<b>(101)</b>	-
<b>Retained profit/(loss) for the year</b>	17	<b>5,225</b>	(353)

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

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


All activities relate to continuing operations. Comparative figures for 2003 reflect a trading period of 6 months.

The notes on pages 9 to 16 form part of these financial statements.

**Balance sheet as at 31 December 2004**

	Note	2004 £'000	2003 £'000
<b>Fixed Assets</b>			
Tangible assets	10	35,199	37,983
<b>Current assets</b>			
Stock	11	1,765	1,800
Debtors	12	1,630	2,209
		3,395	4,009
<b>Creditors – amounts falling due within one year</b>	13	(28,913)	(615)
<b>Net current (liabilities)/assets</b>		(25,518)	3,394
<b>Total assets less current liabilities</b>		9,681	41,377
<b>Creditors – amounts falling due after more than one year</b>	14	-	(40,919)
<b>Provisions for liabilities and charges</b>	15	(2,343)	(811)
<b>Net assets/(liabilities)</b>		7,338	(353)
<b>Capital and reserves</b>			
Called-up share capital	16	23	-
Share Premium Account	17	2,443	-
Profit and loss account	17	4,872	(353)
<b>Equity shareholder funds</b>	18	7,338	(353)

The financial statements on pages 7 to 16 were approved by the Board of Directors on 21<sup>st</sup> December 2005 and were signed on its behalf by:



Amanda King  
Director

The notes on pages 9 to 16 form part of these financial statements.

**Notes to the financial statements for the year ended 31 December 2004****1 Statement of accounting policies****Basis of accounting and going concern**

The financial statements have been prepared under the historical cost convention and in accordance with the applicable Accounting Standards and the Companies Act 1985.

**Turnover**

Turnover is recognised on an accruals basis and principally relates to the sale of power generation capacity to a fellow Group undertaking during the year in accordance with the capacity tolling arrangement.

**Fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on all fixed assets, other than freehold land and gas turbine components in the course of a major overhaul and assets in the course of construction. Depreciation is provided at rates calculated to write-off the cost of each asset on a straight line basis over its expected useful life as follows for these asset classes:

- Power Station assets : 20 years
- Other plant and machinery : 3-6 years

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

**Overhaul Costs**

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

**Stocks**

Stocks are stated at the lower of cost incurred in bringing each item to its present location and condition and net realisable value.

**Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

**Notes to the financial statements for the year ended 31 December 2004  
(continued)****2 Cash flow statements and related party disclosures**

The Company is a wholly-owned subsidiary of GB Gas Holdings Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 "Cash Flow Statements". The Company is also exempt under the terms Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

**3 Segmental reporting**

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

**4 Operating profit**

	2004 £'000	2003 £'000
<b>Operating profit is stated after charging:</b>		
Depreciation of tangible fixed assets		
- owned assets	2,874	1,179
Auditors' fees	15	15

**5 Directors' emoluments**

The directors received no emoluments during the year, as they were employed by other Centrica group companies. All of the Directors who served during the year are members of the ultimate parent company's defined benefit pension scheme.

**6 Employee information**

The Company has no direct employees. However, costs totalling £1,206,000 (2003: £489,000) were incurred during the year in respect of an average of 29 (2003: 29) staff providing services to Centrica Barry Limited under an employee services agreement with a Centrica group company.

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 7 Interest payable and similar charges

	2004 £'000	2003) £'000
Interest payable on loans from fellow subsidiary undertaking	1,439	1,027

### 8 Tax on profit on ordinary activities

	2004 £'000	2003 £'000
<b>The tax charge comprises :</b>		
United Kingdom corporation tax at 30% (2003: 30%) based on the profit/(loss) for the period		
Current tax	-	-
Deferred tax	1,532	811
<b>Total tax on profit on ordinary activities</b>	<b>1,532</b>	<b>811</b>

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax is as follows:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	6,858	458
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	2,057	137
Effects of :		
Expenses not deductible for tax purposes	-	22
Capital allowances in excess of depreciation	(1,532)	(1,023)
Group relief surrendered for no payment	(525)	869
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 9 Dividends

	2004 £'000	2003 £'000
<b>Non equity: Preference</b>		
Proposed: 4.33p per £0.01 share	101	-

### 10 Tangible assets

	Power Station assets £'000	Turbine Components, other plant and machinery £'000	Total £'000
<b>Cost or valuation</b>			
At 31 December 2003	35,092	4,070	39,162
Additions	-	90	90
<b>At 31 December 2004</b>	<b>35,092</b>	<b>4,160</b>	<b>39,252</b>
<b>Accumulated Depreciation</b>			
At 31 December 2003	(709)	(470)	(1,179)
Charge for the year	(1,777)	(1,097)	(2,874)
<b>At 31 December 2004</b>	<b>(2,486)</b>	<b>(1,567)</b>	<b>(4,053)</b>
<b>Net book amount</b>			
<b>At 31 December 2004</b>	<b>32,606</b>	<b>2,593</b>	<b>35,199</b>
At 31 December 2003	34,383	3,600	37,983

### 11 Stocks

	2004 £'000	2003 £'000
Consumable spares	1,765	1,800

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 12 Debtors

	2004 £'000	2003 £'000
Amounts owed by group undertakings	1,147	2,156
Other debtors	483	53
	<b>1,630</b>	<b>2,209</b>

### 13 Creditors - amounts falling due within one year

	2004 £'000	2003 £'000
Bank loans and overdrafts	77	13
Trade creditors	37	297
Amounts owed to group undertakings	28,388	116
Other creditors	111	126
Accruals and deferred income	300	63
	<b>28,913</b>	<b>615</b>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

### 14 Creditors – amounts falling due after more than one year

	2004 £'000	2003 £'000
Amounts due to group undertakings	-	40,919

Amounts due to group undertakings represented an unsecured loan which was repaid during the year.

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 15 Provisions for liabilities and charges

Deferred tax comprises:

	2004 £'000
At 1 January	811
Profit and loss charge for the year	1,532
At 31 December	<b>2,343</b>

The deferred tax liability relates to accelerated capital allowances. Deferred tax is provided at 30% (2003: 30%)

### 16 Called-up share capital

On 1 March 2004 the Company issued 2,338,064 irredeemable preference shares of £0.01 each to Centrica Electric Ltd.

	2004 £'000	2003 £'000
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<b>1,000</b>	1,000
34,990,000 irredeemable preference shares of £0.01 each	<b>350</b>	-
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	-	-
2,338,064 irredeemable preference shares of £0.01 each	<b>23</b>	-

The irredeemable preference shares were issued during the year for a consideration of £2,466,000 as part of a refinancing of the company and confer upon the holders the right in priority to any payment by way of dividend to receive a cumulative preferential dividend.

The preference shares do not carry any voting rights.

The preference shares have a first call on the distribution of assets on winding up by way of repayment of the nominal value thereof, secondly in paying any outstanding preferential dividends due, and thirdly in paying the sum of £0.99 per preference share held. Thereafter any surplus will be paid to ordinary shareholders.



## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 17 Reserves

	Share Premium account £'000	Profit and loss account £'000	Total £'000
At 1 <sup>st</sup> January 2004	-	(353)	(353)
Retained profit for the year	-	5,225	5,225
Arising on shares issued during the year	2,443	-	2,443
At 31 December 2004	2,443	4,872	7,315

### 18 Reconciliation of movements in shareholder funds

	2004 £'000	2003 £'000
Profit for the year	5,225	(353)
Issue of share capital	2,466	-
Movement for the year	7,691	(353)
Shareholder funds at the beginning of the year	(353)	-
Shareholder funds as at 31 December	7,338	(353)

### 19 Pension commitments

The pension commitment for the staff providing services to the Company is held in the Centrica group company that holds the service level agreement. The total cost recharged to the Company for pension costs under the service level agreement was £67,728 (2003 £10,963).

### 20 Commitments and contingent liabilities

#### Capital expenditure

Contracted future capital expenditure as at 31 December 2004 was £10,922

### 21 Ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited.

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

## **22 Revised financial statements**

As indicated in the directors' report, these financial statements are revised financial statements and replace the original financial statements for the year ended 31 December 2004.