

**Registered Number: 05006144**

**Centrica KPS Limited**

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

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# **Centrica KPS Limited**

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

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# **Centrica KPS Limited**

## **Directors' report for the year ended 31 December 2010**

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

### **Principal activities**

The Company's principal activity during the year was the operation of a 652MW generating station at Killingholme, North Lincs ("Killingholme Power Station")

### **Business review**

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

Trading for the year was in line with directors' expectations

### **Future developments**

There are no plans to change the nature of activities in the foreseeable future. A similar trading profile to 2010 is expected in the coming year

### **Principal risks and uncertainties and financial risk management**

The principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks and uncertainties of the Group are set out on pages 30-36 of the 2010 annual report and accounts of the Group which does not form part of this report

### **Key performance indicators**

The directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are discussed on pages 8-9 of the 2010 annual report and accounts of the Group which does not form part of this report

### **Results and dividends**

The results of the Company are set out on page 6

During the year the Company made a profit of £11,507,000 (2009 loss of £8,935,000 which includes the impairment cost of £24,300,000). No dividends were paid on the ordinary shares for the year ended 31 December 2010 (2009 £nil). The Directors do not recommend the payment of a final dividend (2009 £nil)

### **Financial position**

The financial position of the Company is presented in the balance sheet on page 7. Shareholders' funds at 31 December 2010 were £49,842,000 (2009 £38,335,000)

# **Centrica KPS Limited**

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

### **Directors**

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

Graeme Collinson

Sarwjit Sambhi

John Watts

Thomas Hinton (appointed 30 June 2010)

James Spence (resigned 30 June 2010)

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

### **Creditor payment policy**

It is the Company's policy to pay all of its creditors in accordance with the policies set out below. Special contractual terms apply for gas and electricity supplies. For all other trade creditors, it is the Company's policy to

- i) agree the terms of payment in advance with the supplier,
- ii) ensure that suppliers are aware of the terms of payment, and
- iii) pay in accordance with contractual and other legal obligations

### **Directors' and officers' liability**

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

# **Centrica KPS Limited**

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

### **Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

# **Centrica KPS Limited**

## **Directors' report for the year ended 31 December 2010 (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 they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office

This report was approved by the Board on 20 June 2011



For and on behalf of  
Centrica Secretaries Limited  
**Company Secretary**

Company registered in England and Wales No 05006144

Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **Centrica KPS Limited**

## **Independent auditors' report to the members of Centrica KPS Limited**

We have audited the financial statements of Centrica KPS Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

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



## Centrica KPS Limited

### Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	3	40,275	40,628
Cost of sales		(25,013)	(28,678)
Gross profit		15,262	11,950
Administration expenses - including exceptional item		(4,856)	(28,904)
<b>Operating profit before exceptional item</b>	4	<b>10,406</b>	<b>7,346</b>
Exceptional operating item - impairment	4	-	(24,300)
<b>Operating profit / (loss)</b>	4	<b>10,406</b>	<b>(16,954)</b>
Interest receivable and similar income	7	1,468	-
Interest payable and similar charges	8	(33)	(29)
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>11,841</b>	<b>(16,983)</b>
Tax on profit / (loss) on ordinary activities	9	(334)	8,048
<b>Profit / (loss) for the financial year</b>	18	<b>11,507</b>	<b>(8,935)</b>

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

There are no differences between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the years stated above and their historical cost equivalents

All results relate to continuing operations

The notes on pages 8 to 17 form part of these financial statements

# Centrica KPS Limited

## Balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	10	100,216	95,374
<b>Current assets</b>			
Stock	11	4,737	4,716
Debtors	12	100,186	96,511
Cash		1	360
		<u>104,924</u>	<u>101,587</u>
<b>Creditors – amounts falling due within one year</b>	13	(1,922)	(5,812)
<b>Net current assets</b>		<u>103,002</u>	<u>95,775</u>
<b>Total assets less current liabilities</b>		<b>203,218</b>	<b>191,149</b>
Creditors – amounts falling due after more than one year	14	(141,395)	(141,395)
Provisions for liabilities	15	(11,981)	(11,419)
<b>Net assets</b>		<u><b>49,842</b></u>	<u><b>38,335</b></u>
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Profit and loss account	18	49,842	38,335
<b>Total shareholders' funds</b>	19	<u><b>49,842</b></u>	<u><b>38,335</b></u>

The notes on pages 8 to 17 form part of these financial statements

The financial statements on pages 6 to 17 were approved and authorised for issue by the Board of Directors on 20 June 2011 and were signed on its behalf by

  
**Thomas Hinton**  
**Director**

# **Centrica KPS Limited**

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

### **1 Statement of accounting policies**

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

#### **Turnover**

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

#### **Tangible assets**

Tangible assets are stated at historic cost less accumulated depreciation or impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on all fixed assets, other than freehold land and gas turbine components in the course of a major overhaul and assets in the course of construction. Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows for these asset classes:

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

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

#### **Overhaul costs**

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

#### **Stocks**

Stocks are stated at the lower of cost incurred in bringing each item to its present location and condition and net realisable value. Provision is made where necessary for obsolete, slow-moving and defective stocks. Cost is determined on an average cost basis.

#### **Deferred taxation**

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

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

# **Centrica KPS Limited**

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

### **1 Statement of accounting policies (continued)**

#### **Deferred taxation (continued)**

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

#### **Decommissioning provision**

Provision is made for the net present value of the estimated cost of decommissioning the power station at the end of its useful life, based on price levels and technology at the balance sheet date

Changes in these estimates and changes to the discount rates are dealt with prospectively. When this provision gives access to future economic benefits, a decommissioning asset is recognised and amortised on a straight-line basis over the useful life of the facility. The unwinding of the discount on the provision is included in the profit and loss account within interest expense.

#### **Operating leases**

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

#### **Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

#### **EU Emissions Trading Scheme**

Granted CO<sub>2</sub> emissions allowances received in a period are initially recognised at nominal value (nil value). A liability is recognised when the level of emissions exceeds the level of allowances granted. As part of the tolling arrangement, the tollee must provide the company with sufficient allowances to meet any shortfall on the settlement date. The liability is measured at the cost of allowances purchased by the tollee, up to the level of purchased allowances physically held and then at the market price of allowances ruling at the balance sheet date. A matching receivable from the tollee is recognised at the same time.

#### **Community Energy Savings Programme**

The Community Energy Savings Programme (CESP) requires certain licensed electricity generators to meet a carbon reduction obligation. As part of the tolling agreement, the tollee must perform qualifying carbon reduction actions in order to discharge the CESP obligation. Where a liability exists at balance sheet date (because the qualifying actions have not fully discharged the obligation), the liability is measured at the estimated future cost of discharging the obligation. A matching receivable from the tollee is recognised at the same time.

# Centrica KPS Limited

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

### 2 Cash flow statements and related party disclosures

The Company is a wholly-owned subsidiary of Centrica Delta Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

### 3 Turnover

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

### 4 Operating profit / (loss)

	2010 £'000	2009 £'000
<b>Operating profit / (loss) is stated after charging:</b>		
Depreciation of owned tangible assets (note 10)	10,645	12,087
Loss on disposal of fixed assets	1,730	-
Exceptional item - impairment of tangible assets (note 10)	-	24,300
Operating lease charges – plant and machinery	21	24
<b>Services provided by the company's auditor</b>		
Fees payable for the audit	8	8

Auditors' remuneration totalling £8,000 (2009: £8,000) relates to fees for the audit of the UK GAAP statutory accounts of Centrica KPS Limited and includes fees in relation to the audit of the IFRS group consolidation schedules, for the purpose of the Centrica Group audit, which also contribute to the audit of Centrica KPS Limited. Of the auditors' remuneration £nil (2009: £nil) was borne by Centrica plc.

### 5 Directors' emoluments

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

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

## **Centrica KPS Limited**

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

#### **6 Employee information**

The Company has no direct employees (2009 nil) However, costs amounting to £3,907,000 (2009 £3,842,000) were incurred during the year in respect of an average of 47 (2009 42) staff providing services to Centrica KPS Limited under an employee services agreement with a Centrica group company

#### **7 Interest receivable and similar income**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from Group undertakings	<b>1,468</b>	<b>-</b>

#### **8 Interest payable and similar charges**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Decommissioning provision notional interest	<b>33</b>	<b>29</b>

# Centrica KPS Limited

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

### 9 Tax on profit / (loss) on ordinary activities

	2010 £'000	2009 £'000
<b>Current tax.</b>		
UK corporation tax on the profit for the year	-	-
<b>Deferred tax:</b>		
Change in tax rate - impact on deferred tax liabilities	(379)	-
Origination and reversal of timing differences	952	(8,048)
Adjustments in respect of prior years	(239)	-
<b>Tax on profit / (loss) on ordinary activities</b>	<b>334</b>	<b>(8,048)</b>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit / (loss) before tax are as follows

	2010 £'000	2009 £'000
<b>Profit / (loss) on ordinary activities before taxation</b>	<b>11,841</b>	<b>(16,983)</b>
Profit / (loss) on ordinary activities multiplied by standard rate in the UK of 28% (2009 28%)	3,315	(4,755)
<b>Effects of</b>		
Expenses not deductible for tax purposes	1	2
Capital allowances in excess of depreciation	(1,480)	5,485
Other permanent differences	227	915
Other timing differences	528	28
Group relief surrendered for nil consideration	(1,902)	(1,363)
UK UK transfer pricing	(689)	(312)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. An initial reduction of 1% to 27% effective from April 2011 was enacted by Finance (No 2) Act 2010 and is therefore taken into account in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 is expected to be enacted by Finance Act 2011. Beyond the reduction to 27%, the changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements. The impact of these changes on the deferred tax balances would be a reduction to deferred tax liabilities of £1.5 million.

# Centrica KPS Limited

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

### 10 Tangible assets

	Power station assets £'000	Turbine components, other plant and machinery £'000	Decommissioning asset £'000	Total £'000
<b>Cost or valuation</b>				
At 1 January 2010	138,123	44,356	1,376	183,855
Additions	6,431	9,563	195	16,189
Disposals	-	(4,008)	-	(4,008)
Transfers to/from Group undertakings	-	2,116	-	2,116
<b>At 31 December 2010</b>	<b>144,554</b>	<b>52,027</b>	<b>1,571</b>	<b>198,152</b>
<b>Accumulated depreciation</b>				
At 1 January 2010	63,821	24,326	334	88,481
Charge for the year	8,206	2,315	124	10,645
Disposals	-	(2,278)	-	(2,278)
Transfers to/from Group undertakings	-	1,088	-	1,088
<b>At 31 December 2010</b>	<b>72,027</b>	<b>25,451</b>	<b>458</b>	<b>97,936</b>
<b>Net book amount</b>				
<b>At 31 December 2010</b>	<b>72,527</b>	<b>26,576</b>	<b>1,113</b>	<b>100,216</b>
At 31 December 2009	74,302	20,030	1,042	95,374

In 2009 following a review of the value in use of the power station asset, an impairment charge of £24,300,000 has been made. In arriving at the value in use, a pre-tax discount rate of 7.6% was applied to the future cash flows of the power station.

During the current year assets to the value of £530,965 were purchased at book value from Centrica SHB Limited and assets to the value of £497,045 were purchased at book value from Centrica RPS Limited. In 2009 assets to the value of £2,854,000 were purchased at book value from Centrica SHB Limited and assets to the value of £42,000 were sold at book value to Centrica RPS Limited, resulting in a profit on disposal of £nil.

Assets with a net book value of £1,730,000 were disposed of for nil proceeds, resulting in a loss on disposal of £1,730,000.

### 11 Stock

	2010 £'000	2009 £'000
Consumables	4,737	4,716

## Centrica KPS Limited

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

#### 12 Debtors

	2010 £'000	2009 £'000
Amounts owed by fellow Group undertakings	97,558	94,880
Value Added Tax	163	192
Other debtors	22	87
Prepayments and accrued income	2,443	1,352
	<u>100,186</u>	<u>96,511</u>

The amounts receivable from Group undertakings include £95,302 (2009 £nil) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.32 and 2.11% per annum during 2010 (2009 nil). The other amounts receivable from Group undertakings are interest-free. All amounts receivable from Group undertakings are unsecured and repayable on demand.

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

	2010 £'000	2009 £'000
Bank overdrafts	22	-
Trade creditors	259	872
Emissions obligation	-	4,169
Other creditors	1,087	771
Community Energy Saving Programme	554	-
	<u>1,922</u>	<u>5,812</u>

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

	2010 £'000	2009 £'000
Amounts owed to Group undertakings	<u>141,395</u>	<u>141,395</u>

Amounts owed to Group undertakings are unsecured and interest-free. The Group undertaking concerned has indicated that it will not seek repayment within 12 months of the balance sheet date.

# Centrica KPS Limited

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

### 15 Provisions for liabilities

	Deferred taxation £'000	Decommissioning provision £'000	Total £'000
At 1 January 2010	9,887	1,532	11,419
Revisions and additions	-	195	195
Charged to the profit and loss account	334	33	367
<b>At 31 December 2010</b>	<b>10,221</b>	<b>1,760</b>	<b>11,981</b>

#### Deferred taxation

	As at 1 January 2010 £'000	Profit and loss charge/(credit) £'000	As at 31 December 2010 £'000
Deferred corporation tax			
- accelerated capital allowances	10,025	372	10,397
- other timing differences	(138)	(38)	(176)
	<b>9,887</b>	<b>334</b>	<b>10,221</b>

Deferred corporation tax provision at 27% (2009 28%) is analysed as follows

	Provided		Unprovided	
	This period £'000	Last period £'000	This period £'000	Last period £'000
Deferred corporation tax				
- accelerated capital allowances	10,397	10,025	-	-
- other timing differences	(176)	(138)	-	-
	<b>10,221</b>	<b>9,887</b>	<b>-</b>	<b>-</b>

### 16 Financial instruments

In accordance with Statutory Instrument 2008/410 of the Companies Act 2006, the fair values of the Company's financial instruments are analysed below

	2010 £'000	2009 £'000
<b>Derivative financial instruments</b>		
Foreign exchange derivatives – assets	-	81
Foreign exchange derivatives – liabilities	(99)	(169)

## Centrica KPS Limited

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

#### 17 Called up share capital

	2010 £	2009 £
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each (2009 2 ordinary shares of £1 each)	<u>2</u>	<u>2</u>

#### 18 Profit and loss account

	£'000
At 1 January 2010	38,335
Profit for the financial year	<u>11,507</u>
<b>At 31 December 2010</b>	<b><u>49,842</u></b>

#### 19 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit / (loss) for the financial year	11,507	(8,935)
Opening shareholders' funds	<u>38,335</u>	<u>47,270</u>
<b>Closing shareholders' funds</b>	<b><u>49,842</u></b>	<b><u>38,335</u></b>

## **Centrica KPS Limited**

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

#### **20 Pension commitments**

The charge to the profit and loss account represents the amount of contributions payable to defined contribution pension schemes in respect of the accounting period for the employees that are recharged to the Company. Differences between contributions payable and contributions actually paid in the period are shown as either accruals or prepayments in the balance sheet. The total cost recharged to the Company for pension costs under the service level agreement with another group company was £1,266,000 (2009 £1,350,000).

#### **21 Financial commitments**

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

	<b>Plant and machinery</b>	
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	-	4
Within two to five years	15	15
After five years	5	5

#### **22 Capital and other commitments**

Contracted future capital expenditure as at 31 December 2010 was £8,201,000 (2009 £12,741,000).

#### **23 Ultimate parent undertaking**

The Company's immediate parent undertaking is Centrica Delta Limited, a company registered in the Isle of Man.

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