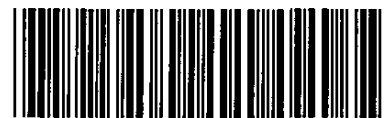


**Registered No: 5625463**

## **CENTRICA HOLDINGS LIMITED**

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

**SATURDAY**



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**CENTRICA HOLDINGS LIMITED**

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## **CENTRICA HOLDINGS LIMITED**

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

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

#### **Principal activities**

The principal activity of the Company is to act as an investment holding company for the Centrica plc group (the "Group")

#### **Review of business and future developments**

The financial position of the Company is presented in the balance sheet on page 5. Shareholders' funds at 31 December 2010 were £4,680,027,000 (2009 £4,697,320,000)

The Directors intend that the Company will continue to act as an investment holding company for the foreseeable future

#### **Results and dividends**

The loss on ordinary activities after taxation for the year ended 31 December 2010 is £17,293,000 (2009 loss £34,023,000). The Directors do not recommend the payment of a final dividend (2009 £nil)

#### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties that the Company is exposed to are interest risks linked to the Centrica plc Group's ("the Group") cost of funds. As the interest rate risks relate to transactions with other Group companies they are not actively managed by the Company.

The principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 30-36 of the Group's 2010 Annual Report and Accounts which does not form part of this report. Copies of the Annual Report of Centrica plc may be obtained from [www.Centrica.com](http://www.Centrica.com)

#### **Key performance indicators ("KPIs")**

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets and results after tax and these are shown above.

#### **Directors**

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

I G Dawson

N L Luff

#### **Political and charitable donations**

The Company made no political or charitable donations during the year (2009 £nil)

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

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

#### **Financial risk management**

Details of the Group's financial risk management policy are set out on pages 83-87 of the Group's 2010 Annual Report and Accounts.

Group Treasury also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, where status is kept under review.

## **CENTRICA HOLDINGS 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

#### **Disclosure of information to auditors**

Each of the Directors who held office at the date of approval of this Directors' report confirm that so far as the 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 a Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Independent 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 28 June 2011



For and on behalf of Centrica Secretaries Limited

Company Secretary

28 June

2011

Company Registered in England and Wales, Registered number 5625463

Registered office

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

## **CENTRICA HOLDINGS LIMITED**

### **Independent auditors' report to the member of Centrica Holdings Limited**

We have audited the financial statements of Centrica Holdings 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 statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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 member 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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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.

John Dashwood (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Atrium,  
1 Harefield Road,  
Uxbridge  
UB8 1EX

2011

## **CENTRICA HOLDINGS LIMITED**

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

	Notes	2010 £000	2009 £000
Interest payable and similar charges	4	(17,293)	(34,023)
<b>Loss on ordinary activities before taxation</b>		<b>(17,293)</b>	<b>(34,023)</b>
Taxation on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	9	<b>(17,293)</b>	<b>(34,023)</b>

All amounts relate to continuing operations

There is no difference between the loss on ordinary activities before taxation and the retained loss for the years stated above and its historic cost equivalents

There are no recognised gains or losses other than those included in the results above, and accordingly no separate statement of total recognised gains and losses has been presented

A reconciliation of movements in shareholders' funds is shown in note 10

The notes on pages 6 to 11 form part of these financial statements

**CENTRICA HOLDINGS LIMITED**

**Balance sheet as at 31 December 2010**

	Notes	2010 £000	2009 £000
<b>FIXED ASSETS</b>			
Investments in subsidiaries	6	7,000,000	7,000,000
		<u>7,000,000</u>	<u>7,000,000</u>
<b>CURRENT ASSETS</b>		-	-
Creditors (amounts falling due within one year)	7	(2,319,973)	(2,302,680)
<b>NET CURRENT LIABILITIES</b>		<u>(2,319,973)</u>	<u>(2,302,680)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,680,027	4,697,320
<b>NET ASSETS</b>		<u>4,680,027</u>	<u>4,697,320</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	-	-
Profit and loss reserve	9	4,680,027	4,697,320
<b>TOTAL SHAREHOLDERS' FUNDS</b>	10	<u>4,680,027</u>	<u>4,697,320</u>

The financial statements on pages 4 to 10 were approved and authorised for issue by the Board of Directors on 28 JUNE 2011 and were signed on its behalf by



**N Luff**  
**Director**

Registered No 5625463

The notes on pages 6 to 11 form part of these financial statements

## **CENTRICA HOLDINGS LIMITED**

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

#### **1 PRINCIPAL ACCOUNTING POLICIES**

##### **Accounting principles**

The financial statements have been prepared in accordance with applicable UK accounting standards, consistently applied, and under the historical cost convention and the Companies Act 2006

##### **Basis of preparation**

The Directors believe that the going concern basis is applicable for the preparation of the accounts as the ultimate parent company, Centrica plc, has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due. In particular the amounts owed to Group undertakings will not be required to be repaid for the foreseeable future.

##### **Exemptions**

The Company is a wholly-owned subsidiary undertaking of Centrica plc 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 consolidated financial statements under the terms of section 400 the Companies Act 2006.

The Company has also taken advantage of the exemptions within Financial Reporting Standard No 1 (Revised) "Cash Flow Statements" from presenting a cash flow statement, and within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Group companies.

##### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are included in the balance sheet at cost, less accumulated provisions for any impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Interest**

Interest is accounted for on an accruals basis. Interest receivable from other Group companies registered overseas is presented inclusive of any overseas withholding tax.

##### **Financial instruments**

**Share capital** Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

**Interest bearing debt and loans** All interest bearing debt and loans are initially stated at the amount of the net proceeds for debt and costs for loans. After initial recognition, the carrying amounts of interest bearing loan receivables and payables are increased by the finance income and finance costs respectively. The carrying amounts are reduced by the payment or repayment of amounts owing under loan receivables and payables respectively.

The Company is exempted by FRS 29 from providing detailed disclosures in respect of its financial instruments because it does not apply FRS 26.

##### **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. Taxable profits or losses are subject to group relief without payment.



## **CENTRICA HOLDINGS LIMITED**

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

#### **2. DIRECTORS AND EMPLOYEES**

The Directors received no emoluments during the year ended 31 December 2010 (2009 £nil) in respect of their services to the Company. There were no employees during the year (2009 nil).

#### **3. AUDITORS' REMUNERATION**

Auditors' remuneration totalling £7,087 (2009 £6,428) relates to fees for the audit of the UK GAAP statutory accounts of the Company 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 the Company. The auditors' remuneration of £7,087 (2009 £6,428) is borne by Centrica plc.

#### **4. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Interest payable to Group undertakings	<b>(17,293)</b>	<b>(34,023)</b>

#### **5. TAXATION ON LOSS ON ORDINARY ACTIVITIES**

<b>(a) Analysis of tax charge in the period</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
The tax charge comprises		
<b>Current tax:</b>		
United Kingdom corporation tax at 28% (2009 28%)	-	-
Total current tax	-	-

# **CENTRICA HOLDINGS LIMITED**

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

### **5. TAXATION ON LOSS ON ORDINARY ACTIVITIES (continued)**

#### **(b) Factors affecting the tax charge for the period**

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

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	(17,293)	(34,023)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	(4,842)	(9,526)
Effects of		
Group relief for nil consideration	6,383	10,945
UK UK transfer pricing adjustment	(1,541)	(1,419)
Tax charge for the period	<u>-</u>	<u>-</u>

No deferred taxation arises in this period (2009 £nil)

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 1 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 financial statements is nil as no deferred tax arises.

### **6. INVESTMENTS IN SUBSIDIARIES**

	<b>£000</b>
Cost	
1 January 2010	7,000,000
31 December 2010	<u>7,000,000</u>

As at 31 December 2010 the Company had interests in the following principal undertakings. This information is given pursuant to Section 410(2) Companies Act 2006. The information is only given for those subsidiaries which, in the Directors' opinion, principally affect the figures shown in the financial statements.

# **CENTRICA HOLDINGS LIMITED**

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

### **6. INVESTMENTS IN SUBSIDIARIES (continued)**

Principal subsidiary undertakings	Business	Country of incorporation	Direct investment in ordinary shares (%)	Indirect interest in ordinary shares (%)
GB Gas Holdings Limited	Holding company	England	100	
Centrica Energy Limited	Wholesale energy trading	England		100
Centrica Energy (Trading) Limited	Wholesale energy trading	England		100
British Gas Insurance Limited	Insurance provision	England		100
British Gas Services Limited	Servicing and installation of gas heating systems	England		100
British Gas Trading Limited	Energy supply	England		100
Caythorpe Gas Storage Limited	Gas storage	England		100
Centrica Barry Limited	Power generation	England		100
Centrica Brigg Limited	Power generation	England		100
Centrica Canada Limited	Holding company and gas production	Canada		100
Centrica Energy Operations Limited	Power generation	England		100
Centrica KL Limited	Power generation	England		100
Centrica KPS Limited	Power generation	England		100
Centrica Langage Limited	Power generation	England		100
Centrica Overseas Holdings Limited	Holding company	England		100
Centrica PB Ltd	Power generation	England		100
Centrica Renewable Energy Limited	Renewable energy holding company	England		100
Centrica Resources Limited	Gas and oil production	England		100
Centrica Resources (Nigeria) Limited	Upstream exploration	Nigeria		100
Centrica Resources (Norge) AS	Upstream exploration	Norway		100
Centrica RPS Limited	Power generation	England		100
Centrica SHB Limited	Power generation	England		100
Centrica Storage Limited	Gas storage	England		100
DER Partnership 2	Gas production	Canada		100
Direct Energy Marketing Limited	Energy supply and home services	Canada		100
Direct Energy Partnership	Energy supply	Canada		100
Direct Energy Resources Partnership	Gas production	Canada		100
Dyno Holdings Limited	Home services	England		100
The Centrica Gas Production LP	Gas production	England		100
Hydrocarbon Resources Limited	Gas production	England		100
Oxxio NV	Energy supply	Netherlands		100
Venture North Sea Gas Exploration Limited	Gas and oil production	England		100
Venture North Sea Oil Limited	Gas and oil production	Scotland		100
Venture Production Limited	Holding company	Scotland		100
Barrow Offshore Wind Limited	Power generation	England		50
Joint ventures and associates	Business	Country of incorporation	Direct investment in ordinary shares (%)	Indirect interest in ordinary shares (%)
Braes of Doune Wind Farm (Scotland) Limited	Power generation	Scotland		50
GLID Wind Farms TopCo Limited	Renewable energy holding company	England		50
Secure Electrans Limited	Energy technology	England	22	
Lake Acquisitions Limited	Power generation	England	20	
NNB Holding Company Limited	Holding company	England	20	

**CENTRICA HOLDINGS LIMITED**

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

**7. CREDITORS**

	2010 £000	2009 £000
Amounts falling due within one year		
Amounts owed to Group undertakings	2,319,973	2,302,680
	<u>2,319,973</u>	<u>2,302,680</u>

Amounts due to Group undertakings include two loans with outstanding principal of £617,000,000 and £1,350,000,000. These two loans are unsecured and repayable on demand, the former amount being repayable in any event in 2012. Interest on these loans accrues at the three month LIBOR rate plus 20 basis points. Interest is reset quarterly and charged in arrears on the first day of each quarter. Of the remainder £348,351,000 (2009 £332,002,000) relates to an unsecured, interest free loan. The remaining balance of £4,622,000 (2009 £3,678,000) relates to accrued interest.

**8. CALLED UP SHARE CAPITAL**

	2010 £	2009 £
Issued, allotted and unpaid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**9. RECONCILIATION OF MOVEMENT IN RESERVES**

	Profit and loss reserve £000
As at 1 January 2010	4,697,320
Loss for the financial year	(17,293)
As at 31 December 2010	<u>4,680,027</u>

**10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2010 £000	2009 £000
Retained loss for the financial year	(17,293)	(34,023)
Net reduction to shareholders' funds	<u>(17,293)</u>	<u>(34,023)</u>
Opening shareholders' funds	4,697,320	4,731,343
Closing shareholders' funds	<u>4,680,027</u>	<u>4,697,320</u>

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**CENTRICA HOLDINGS LIMITED**

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

**11 ULTIMATE PARENT UNDERTAKING**

Centrica plc, a company registered in England and Wales, is the immediate and ultimate parent undertaking and controlling party, and the only company to consolidate the financial statements of the Company. Copies of the Annual Report of Centrica plc may be obtained from [www.centrica.com](http://www.centrica.com)