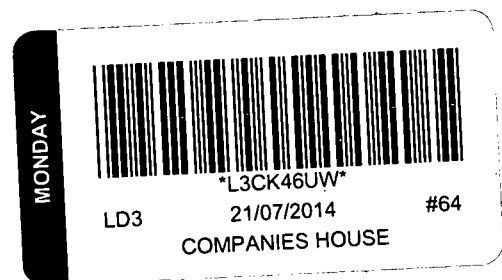


Registered No: 05625463

Centrica Holdings Limited

**Directors' Report, Strategic Report and Financial Statements
For the year ended 31 December 2013**



Centrica Holdings Limited

Directors' Report for the year ended 31 December 2013

The Directors present their report and the audited financial statements of Centrica Holdings Limited (the "Company") for the year ended 31 December 2013.

Future developments

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 2013 is £39,393,000 (2012: profit £89,610,000). During the year an interim dividend of £1,400,000,000 (2012: £1,100,000,000) was paid, and the Directors do not recommend the payment of a final dividend (2012: £nil).

Financial position

The financial position of the Company is presented in the balance sheet on page 7. Shareholders' funds at 31 December 2013 were £2,544,597,000 (2012: £3,983,990,000).

Directors

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

I G Dawson
N L Luff

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 145 - 149 of the Group's 2013 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 2013 (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 prepared 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 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 Directors' Report was approved by the board on June 2014.



For and on behalf of Centrica Secretaries Limited
Company Secretary
23 June 2014.

Company registered in England and Wales, Registered Number 05625463
Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Holdings Limited

Strategic Report for the year ended 31 December 2013

The Directors present their Strategic Report the Company for the year ended 31 December 2013.

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 7. Shareholders' funds at 31 December 2013 were £2,544,597,000 (2012: £3,983,990,000). The Directors intend that the Company will continue to act as an investment holding company for the foreseeable future.

Results

The loss on ordinary activities after taxation for the year ended 31 December 2013 is £39,393,000 (2012: profit £89,610,000).

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

The principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 44 - 50 of the Group's 2013 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.

Financial risk management

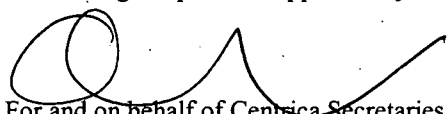
Details of the Group's financial risk management policy are set out on pages 145 - 149 of the Group's 2013 Annual Report and Accounts.

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.

Key performance indicators ("KPIs")

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets and results after tax and these are shown above. The Directors are satisfied that the loss in the year should not change the activities or plans for the Company.

This strategic report was approved by the board on 23 June 2014.



For and on behalf of Centrica Secretaries Limited
Company Secretary
23 June 2014.

Company registered in England and Wales, Registered Number 05625463

Registered office:

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

Centrica Holdings Limited

Independent Auditors' Report to the Member of Centrica Holdings Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its results 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Centrica Holdings Limited, comprise:

- the Balance Sheet as at 31 December 2013;
- the Profit and Loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Director's report, Strategic report, and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Centrica Holdings Limited

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

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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
June 2014

Centrica Holdings Limited

Profit and loss account for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Income from share in group undertakings	4	-	100,000
Interest receivable and similar income	5	46,996	48,173
Interest payable and similar charges	6	(98,323)	(58,563)
(Loss)/profit on ordinary activities before taxation		(51,327)	89,610
Tax on (loss)/profit on ordinary activities	7	11,934	-
(Loss)/profit for the financial year	12	(39,393)	89,610

All amounts relate to continuing operations.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained profit 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 13.

The notes on pages 8 to 13 form part of these financial statements.

Centrica Holdings Limited

Balance sheet as at 31 December 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Investments	8	<u>7,000,000</u>	<u>7,000,000</u>
		7,000,000	7,000,000
Current assets			
Debtors	9	1,614,685	1,583,536
Creditors: amounts falling due within one year	10	(6,070,088)	(4,599,546)
Net current liabilities		<u>(4,455,403)</u>	<u>(3,016,010)</u>
Total assets less current liabilities		2,544,597	3,983,990
Net assets		<u>2,544,597</u>	<u>3,983,990</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	<u>2,544,597</u>	<u>3,983,990</u>
Total shareholders' funds	13	<u>2,544,597</u>	<u>3,983,990</u>

The financial statements on pages 6 to 13 were approved and authorised for issue by the Board of Directors on 23 June 2014 and were signed on its behalf by:


N L Luff
Director

Registered Number 05625463

The notes on pages 8 to 13 form part of these financial statements.

Centrica Holdings Limited

Notes to the financial statements for the year ended 31 December 2013

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 financial statements 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 it is expected that 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 accrual 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.

Centrica Holdings Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

1. Principal accounting policies (continued)

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.

2. Directors and employees

The emoluments of both of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other Centrica plc subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements.

The Company had no employees during the year (2012: nil).

3. Auditors' remuneration

Auditors' remuneration totalling £9,000 (2012: £9,000) relates to fees for the audit of the UK GAAP statutory financial statements of the Company. The auditors' remuneration of £9,000 (2012: £9,000) is borne by Centrica plc.

4. Income from shares in group undertakings

	2013 £000	2012 £000
Dividends received	-	100,000

5. Interest receivable and similar income

	2013 £000	2012 £000
Interest receivable from Group undertakings	46,996	48,173

6. Interest payable and similar charges

	2013 £000	2012 £000
Interest payable to Group undertakings	98,323	58,563

Centrica Holdings Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

7. Tax on (loss)/profit on ordinary activities

(a) Analysis of tax charge in the period	2013 £000	2012 £000
The tax charge comprises:		
Current tax:		
United Kingdom corporation tax at 23.25% (2012: 24.5%)	11,934	-
Total current tax	<u>11,934</u>	<u>-</u>

(b) Factors affecting the tax charge for the period

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

	2013 £000	2012 £000
(Loss)/profit on ordinary activities before tax	(51,327)	89,610
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	(11,932)	21,954
Effects of:		
Income not subject to tax	-	(24,500)
Group relief for nil consideration	-	5,627
UK:UK transfer pricing adjustment	(2)	(3,081)
Tax charge for the period	<u>(11,934)</u>	<u>-</u>

No deferred taxation has arisen in the year (2012: £nil).

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013, enacted under Finance Act 2012. Further reductions to the rate to 21% from 1 April 2015 and to 20% by 1 April 2015 were substantively enacted in Finance Act 2013 on 2 July 2013 and have been reflected within these financial statements.

Centrica Holdings Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

8. Investments

Investments in subsidiaries

£000

Cost

At 1 January and 31 December 2013

7,000,000

The Directors believe that the book value of investments supported by the value of the underlying assets. As at 31 December 2013 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.

Principal subsidiary undertakings	Business	Country of incorporation	Direct investment in ordinary shares (%)	Indirect interest in ordinary shares (%)
Brae Canada Limited ⁽ⁱ⁾	Investment company	Canada		100
British Gas Energy Procurement Limited ⁽ⁱⁱ⁾	Energy Supply	England		100
British Gas Insurance Limited	Insurance provision	England		100
British Gas New Heating Limited	Electrical and gas installations	England		100
British Gas Services Limited	Servicing and installation of gas heating systems	England		100
British Gas Trading Limited	Energy supply	England		100
Centrica Energy (Trading) Limited	Wholesale energy trading	England		100
Centrica Energy Limited	Wholesale energy trading	England		100
Centrica Energy Marketing Limited ⁽ⁱⁱ⁾	Wholesale energy trading	England		100
Centrica Langage Limited	Power generation	England		100
Centrica North Sea Gas Limited	Gas and oil production	Scotland		100
Centrica North Sea Oil Limited	Gas and oil production	Scotland		100
Centrica Norway Limited	Gas and oil exploration and production	England		100
Centrica Production Nederland BV	Gas and oil exploration and production	Netherlands		100
Centrica Resources Limited	Gas and oil production	England		100
Centrica Resources (Norge) AS	Gas and oil production	Norway		100
Centrica Storage Limited	Gas storage	England		100
Centrica LNG Company Limited	Energy supply	England		100
CQ Energy Canada Partnership, CQ Energy Canada Resources Partnership ⁽ⁱⁱⁱ⁾	Gas and oil exploration and production	Canada		60
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
GB Gas Holdings Limited	Holding company	England	100	

Centrica Holdings Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

8. Investments (continued)

Principal subsidiary undertakings (continued)	Business	Country of incorporation	Direct investment in ordinary shares (%)	Indirect interest in ordinary shares (%)
Humberland Limited	Power generation	England		100
Hydrocarbon Resources Limited	Gas production	England		100

- (i) Acquired or established in 2013.
(ii) Brae Canada Ltd has a branch registered in England.

Joint ventures and associates	Business	Country of incorporation	Direct investment in ordinary shares (%)	Indirect interest in ordinary shares (%)
Celtic Array Limited ('Round 3')	Wind farm development	England		50
GLID Wind Farms TopCo Limited	Renewable energy holding company	England		50
Lake Acquisitions Limited	Power generation	England		20
Lincs Wind Farm Limited	Power generation	England		50

9. Debtors

	2013 £000	2012 £000
Amounts falling due within one year:		
Amounts owed by Group undertakings	<u>1,614,685</u>	<u>1,583,536</u>

The amounts receivable from Group undertakings include £1,593,060,000 (2012: £1,525,000,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 2.34 and 3.19% per annum during 2013 (2012: 3.28 and 3.51%). The remaining balance of £21,625,000 (2012: £58,536,000) is unsecured and interest free.

Centrica Holdings Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

10. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to Group undertakings	<u>6,070,088</u>	<u>4,599,546</u>

The amounts payable to group undertakings include £1,967,000,000 (2012: £1,967,000,000) which bears interest at 3 month LIBOR plus 20 basis points, £700,000,000 (2012: £700,000,000) that bears interest at 3.5%, £3,372,504,000 (2012: £1,555,521,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost funds. The quarterly rates ranged between 2.34 and 3.19% per annum during 2013 (2012: 3.28 and 3.51%). The remaining balance of £30,584,000 (2012: £377,025,000) is interest free. All amounts are unsecured and repayable on demand.

11. Called up Share Capital

	2013 £	2012 £
Issued, allotted and unpaid:		
2 ordinary shares (2012: 2) of £1 each	<u>2</u>	<u>2</u>

12. Reconciliation of Movement in Reserves

	Profit and loss account £000
As at 1 January 2013	3,983,990
Loss for the financial year	(39,393)
Dividend paid	(1,400,000)
As at 31 December 2013	<u>2,544,597</u>

13. Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Retained (loss)/profit for the financial year	(39,393)	89,610
Dividend paid	(1,400,000)	(1,100,000)
Net reduction to shareholders' funds	(1,439,393)	(1,010,390)
Opening shareholders' funds	<u>3,983,990</u>	<u>4,994,380</u>
Closing shareholders' funds	<u>2,544,597</u>	<u>3,983,990</u>

14. 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