

Beta Central Profits Limited

Annual report and accounts
for the year ended 31 December 2016

Registered number: 06297913



Strategic report

For the year ended 31 December 2016

The directors present their Annual Report on the affairs of the company, together with the accounts and auditor's report, for the year ended 31 December 2016. The accounts are presented under Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

Business strategy

The principal activity of the company is to hold and manage an investment in Northern Gas Networks Holdings Limited (NGNH).

Financial and operational review

As shown in the profit and loss account the company has made a profit of £35.8m (2015 – £31.5m) in the year. The balance sheet shows the company's net asset position at the year end of £338.5m (2015 - £336.7m).

Given the company is owned by Power Assets Holdings Limited, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Power Assets Holdings Limited is discussed in that company's Annual Report which does not form part of this report.

Dividends

The directors do not recommend payment of a final dividend as consistent with last year. An interim dividend of £34.0m (2015 – £31.5m) was declared in the year, as detailed in note 4.

Outlook

The directors expect the the dividend flows to continue in the same manner in the forthcoming year.

Principal risks and uncertainties and financial risk management objectives and policies

The company's activities expose it to a number of financial risks, including credit risk and liquidity risk. The company is primarily financed by equity, with liquidity risk managed through intergroup assets and liabilities. Credit risks is management through assessment of recoverability of balances. All intercompany balances are deemed recoverable. The carrying value of investments held in the balance sheet not being supported by future cash flows from subsidiaries is a risk, but not one the directors expect will realise

Going Concern

The company's business activities, performance and position together with its principal risks and uncertainties likely to affect its future development and performance are set out above. The directors have made enquiries and reviewed the forecasts and have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

By order of the Board



M J Horsley

Director

25 April 2017

Directors' report

For the year ended 31 December 2016

The directors present their annual report for the affairs of Beta Central Profits Limited, together with the accounts and auditors report for the year ended 31 December 2016. The business strategy, financial and operational review, dividends, outlook, principal risks and uncertainties and going concern are presented in the Strategic report on page 1.

Directors

The directors who served during the year and subsequently were as follows:

- C Tsai
- M J Horsley
- L S Chan
- C T Wan

Auditor

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

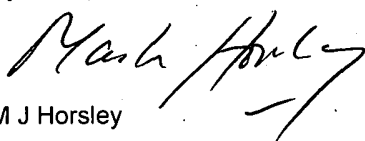
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The directors will place a resolution before the annual general meeting to reappoint Deloitte LLP as auditor for the ensuing year.

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 "reduced disclosure framework". The company's shareholders have been notified about the intention to take advantage of the disclosure exemptions and no objections have been received. The company also intend to take advantage of these exemptions in the accounts to be issued in the following year. Objections may be served on shareholders holding in aggregate 5 per cent or more of the total allocated shares in the company at any time.

By order of the Board,



M J Horsley

Director

25 April 2017

3 More London Riverside, London, SE1 2AQ

2 BETA CENTRAL PROFITS LIMITED

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the accounts 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 accounts, 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 accounts 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 accounts 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.

Independent auditor's report

To the Members of Beta Central Profits Limited

We have audited the accounts of Beta Central Profits Limited for the year ended 31 December 2016 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, and the related notes 1 to 11 including the statement of accounting policies. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities statement, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts 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 accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Independent auditor's report (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

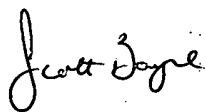
- the information given in the Strategic report and the Directors' report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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 accounts 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.



Scott Bayne FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

8 May 2017

Profit and loss account

For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Administrative (expenses) income		(5)	8
Operating (loss) profit		(5)	8
Finance income	1	7,453	7,433
Dividend income		29,856	25,602
Profit on ordinary activities before taxation	2	37,304	33,043
Tax on profit on ordinary activities	3	(1,490)	(1,503)
Profit for the financial year		35,814	31,540

All results arise from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

Statement of comprehensive income

	2016 £'000	2015 £'000
Profit for the financial year	35,814	31,540
Total comprehensive income	35,814	31,540

Balance sheet
As at 31 December 2016

	Notes	2016 £'000	2015 £'000
Fixed asset investments	5	<u>261,953</u>	<u>261,953</u>
Current assets			
Debtors			
Falling due within one year	6	82,018	44,713
Falling due after one year	6	74,329	74,329
Cash at bank and in hand		<u>13</u>	<u>13</u>
		156,360	119,055
Creditors: Amounts falling due within one year	7	<u>(79,862)</u>	<u>(44,340)</u>
Net current assets		<u>76,498</u>	<u>74,715</u>
Net assets		<u>338,451</u>	<u>336,668</u>
Capital and reserves			
Called-up share capital	9	277,303	277,303
Profit and loss account		<u>61,148</u>	<u>59,365</u>
Shareholders' funds		<u>338,451</u>	<u>336,668</u>

The accompanying notes are an integral part of this balance sheet.

The accounts of Beta Central Profits Limited, Registered number 06297913, were approved by the Board of Directors and authorised for issue on 26 April 2017 and signed on its behalf by:



M J Horsley
Director

25 April 2017

Statement of changes in equity
For the year ended 31 December 2016

	Profit and loss account	Called up share capital	Total
	£'000	£'000	£'000
At 31 December 2014	59,365	277,303	336,668
Total comprehensive income	31,540	-	31,540
Dividends declared on equity shares (note 4)	(31,540)	-	(31,540)
At 31 December 2015	59,365	277,303	336,668
Total comprehensive income	35,814	-	35,814
Dividends declared on equity shares (note 4)	(34,031)	-	(34,031)
At 31 December 2016	61,148	277,303	338,451

Statement of accounting policies

For the year ended 31 December 2016

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the prior year.

General information and basis of accounting

Beta Central Profits Limited (the company) is a company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by shares and is registered in England and Wales. The address of the companies registered office is shown on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The company is exempt from the requirement of FRS 102 (Section 7) to present a cash flow statement, certain financial instrument disclosures, and key management personnel disclosures, as it is a wholly owned subsidiary of Power Assets Holdings Limited, which prepares consolidated accounts which are publicly available. The company is not required to prepare group accounts as it is a wholly owned subsidiary of Power Assets Holdings Limited which prepares consolidated accounts which are publicly available.

Going concern

The company's business activities, performance and position together with its principal risks and uncertainties likely to affect its future development and performance are set out in the Strategic report. The directors have made enquiries and reviewed the forecasts and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment. Impairment is calculated by comparing the carrying value with the recoverable amount of the investment.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the 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 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

Statement of accounting policies (continued)

that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Net financing income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at the effective interest rate applicable on the carrying amount.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Debt is repayable on demand.

Reserves

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the critical judgements and key estimates that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the accounts. The directors consider the value of the company investment (see note 5) to be supported by the value of future cash flows received and net assets of the investment.

Notes to the accounts

For the year ended 31 December 2016

1 Finance income

	2016 £'000	2015 £'000
Interest receivable and similar income		
Shareholder loans	7,453	7,433
	<u>7,453</u>	<u>7,433</u>

2 Profit on ordinary activities before taxation

The directors did not receive any remuneration in relation to their services to the company during the current or prior years. The fees payable to the company's auditors was £4,000 for the financial statements audit (2015 - £4,000) and the auditors also provided £2,000 of non-audit tax services (2015 - £2,000). There are no employees other than the directors.

3 Tax on profit on ordinary activities

The tax charge comprises:

	2016 £'000	2015 £'000
Current tax		
UK corporation tax	1,490	1,503
Total tax on profit on ordinary activities	<u>1,490</u>	<u>1,503</u>

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 before tax are as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	<u>37,304</u>	<u>33,043</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.0% (2015 - 20.25%)	7,461	6,691
Effects of:		
Income not taxable	(5,971)	(5,188)
Tax charge for the year	<u>1,490</u>	<u>1,503</u>

The company earns its profits in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 20%. Finance Act No2 2015 was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As these rates have been substantially enacted in tax legislation, deferred tax balances have been calculated with reference to these rates in line with the expected period of reversal of the deferred tax balances.

Notes to the accounts (continued)

3 Tax on profit on ordinary activities (continued)

A deferred tax asset amounting to £6,824,000 (2015 - £7,225,000) for tax losses has not been recognised because in the opinion of the directors there will be no suitable taxable profits available in the foreseeable future.

4 Dividends on equity shares

	2016 £'000	2015 £'000
Equity shares		
Interim dividend paid of 12.3p (2015 – 11.4p) per ordinary share	<u>34,031</u>	<u>31,540</u>

5 Fixed asset investments

	2016 £'000	2015 £'000
Associate (cost and net book value)	<u>261,953</u>	<u>261,953</u>

The associate represents a 41.3% holding in the ordinary share capital of NGNH, which holds a group whose principal activity is the distribution of gas through the North of England network, and is incorporated and registered in England and Wales. The other shareholders of the associate are PG (April) Limited (registered address 3 More London Riverside, London, SE1 2AQ) and SAS Trustee Corporation (registered address PO Box 1229, Wollongong, NSW 2500).

6 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>82,018</u>	<u>44,713</u>
	<u>82,018</u>	<u>44,713</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>74,329</u>	<u>74,329</u>
	<u>74,329</u>	<u>74,329</u>
	<u>156,347</u>	<u>119,042</u>

Amounts owed by associate undertakings that are due after more than one year comprise shareholder loans held by NGNH, bearing fixed interest of 10.0% paid annually and are repayable on 18 December 2033.

Notes to the accounts (continued)

7 Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	79,851	44,331
Accruals and deferred income	11	9
	<u>79,862</u>	<u>44,340</u>

Amounts owed to group undertakings are interest free and repayable on demand.

8 Derivatives and other financial instruments

The strategic report provides an explanation of the role that financial instruments have had during the year in creating or changing the risks the company faces in its activities. The numerical disclosures in this note deal with financial assets and financial liabilities as defined in FRS102 (Section 11). The directors believe that the fair values are not materially different from the balance sheet values for the current and prior years.

Interest rate profile

The company has no financial assets other than shareholder loans as detailed below and sterling cash deposits of £13,000 (2015 - £13,000) which are part of the financing arrangements of the company. The sterling cash deposits comprise monies held in bank accounts.

The interest rate profile of the company's financial assets and liabilities at 31 December was as follows:

Assets	Fixed rate 2016 £'000	Fixed rate 2015 £'000	Weighted average interest rate 2016 %	Weighted average interest rate 2015 %	Weighted average period for which rate is fixed 2016 Years	Weighted average period for which rate is fixed 2015 Years
Shareholder loan	<u>74,329</u>	<u>74,329</u>	10.00	10.00	17.0	18.0

Maturity of financial assets and liabilities

The maturity profile of the company's financial assets and liabilities at 31 December was as follows:

	2016 £'000	2016 £'000	2015 £'000	2015 £'000
	Assets	Liabilities	Assets	Liabilities
In more than five years	<u>74,329</u>	-	<u>74,329</u>	-
	<u>74,329</u>	-	<u>74,329</u>	-

Borrowing facilities

The company had no undrawn committed borrowing facilities at either the current or prior year end.

Fair values

The directors believe that the fair values of all financial instruments are not materially different from the balance sheet values.

Notes to the accounts (continued)

9 Called-up share capital

	2016 £'000	2015 £'000
<i>Allotted, called-up and fully paid.</i>		
277,303,282 ordinary shares of £1 each	<u>277,303</u>	<u>277,303</u>

10 Related party transactions

The company is a wholly owned subsidiary and utilises the exemption contained in FRS 102 section 33 2.2, "Related Party Disclosures", not to disclose any transactions with entities that are a wholly owned part of the group.

The company received dividend income as detailed in the profit and loss account and shareholder loan interest as detailed in note 1, from its associate investment NGNH. The company declared dividends on equity shares as detailed in note 4.

The balance with its associate investment NGNH is £74.3m at 31 December 2016, as detailed in note 6.

11 Ultimate controlling party

PAH Gas Infrastructure Limited was the immediate parent company at the balance sheet date.

Power Assets Holdings Limited is the ultimate parent company, the largest and smallest group of which the company is a member and for which group accounts are drawn up, and the ultimate controlling party. Copies of the accounts are available from the registered address of this company as shown in the Directors' report.