

Registered No: 06795997

Centrica Finance Investments Limited
Annual Report and Financial Statements
For the year ended 31 December 2011

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Centrica Finance Investments Limited

	Page
Directors' report for the year ended 31 December 2011	1
Independent auditors' report to the member of Centrica Finance Investments Limited	3
Profit and loss account for the year ended 31 December 2011	4
Balance sheet as at 31 December 2011	5
Notes to the financial statements for the year ended 31 December 2011	6

Centrica Finance Investments Limited

Directors' report for the year ended 31 December 2011

The Directors present their report and the audited financial statements of Centrica Finance Investments Limited (the "Company") for the year ended 31 December 2011

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 2011 were £9,602,000 (2010: £9,602,000)

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

Results and dividends

The results of the Company are set out on page 4. The Company's profit after tax for the year was £nil (2010: £7,602,000). The Directors do not recommend the payment of a final dividend (2010: £nil)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 36-40 of the Group's 2011 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

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, these are shown above

Directors

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

J Bell

Centrica Directors Limited (appointed 26 March 2012)

T A Kendall (resigned 26 March 2012)

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 period 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 is set out on pages 117-119 of the Group's 2011 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 Finance Investments Limited

Directors' report for the year ended 31 December 2011 (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 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 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 14 June 2012



For and on behalf of Centrica Secretaries Limited

Company Secretary

14 June 2012

Company registered in England and Wales. No. 06795997
Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Finance Investments Limited

Independent auditors' report to the member of Centrica Finance Investments Limited

We have audited the financial statements of Centrica Finance Investments Limited for the year ended 31 December 2011 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. In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its result 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 3EX

16 June 2012

Centrica Finance Investments Limited

Profit and loss account for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Profit on disposal of subsidiary		-	7,602
Profit on ordinary activities before taxation	2 & 3	-	7,602
Tax on profit on ordinary activities	4	-	-
Profit for the financial year	7 & 8	-	7 602

There is no difference between the result for the years and the result on an historical cost equivalent basis

There are no other recognised gains or losses and accordingly a statement of total recognised gains and losses has not been presented

A statement of movements in shareholders funds' is shown in note 8

The notes on pages 6 to 8 form part of these financial statements

Centrica Finance Investments Limited

Balance sheet as at 31 December 2011

	Notes	2011 £000	2010 £000
Current assets			
Debtors	5	9,592	9,592
Cash at bank and in hand		<u>10</u>	<u>10</u>
		9,602	9,602
Net current assets		<u>9,602</u>	<u>9,602</u>
Net assets		<u>9,602</u>	<u>9,602</u>
Capital and reserves			
Called up share capital	6	-	-
Share premium account	7	2,000	2,000
Profit and loss account	7	<u>7,602</u>	<u>7,602</u>
Total shareholders' funds	8	<u>9,602</u>	<u>9,602</u>

The financial statements on pages 4 to 8 were approved and authorised for issue by the Board of Directors on ~~14~~¹⁴ June 2012 and were signed on its behalf by

J Bell
Director



Registered Number 06795997

The notes on pages 6 to 8 form part of these financial statements

Centrica Finance Investments Limited

Notes to the financial statements for the year ended 31 December 2011

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

Exemptions

The Company is a wholly owned subsidiary undertaking of GB Gas Holdings Limited and is included in the consolidated financial statements of Centrica plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing 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

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

Non-interest bearing debt and loans All non-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 non-interest bearing loan payables are increased by any finance costs. The carrying amounts are reduced by the repayment of amounts owing under loan payables

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

2. Directors and employees

The emoluments of all 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. There were no employees during the period (2010: nil)

3. Auditors' remuneration

Auditors' remuneration totalling £7,087 (2010: £9,500) 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 (2010: £9,500) is borne by Centrica plc

Centrica Finance Investments Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

4. Tax on profit on ordinary activities

	2011 £000	2010 £000
(a) Analysis of tax charge for the period		
The tax charge for the period comprises		
Current tax		
United Kingdom corporation tax at 26.5% (2010: 28%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax on loss for the period	-	-

(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 profit before tax is as follows

	2011 £000	2010 £000
Profit on ordinary activities before tax	-	7,602
Tax on profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	-	2,128
Effects of		
Use of brought forward capital losses		(2,128)
Group relief for nil consideration	51	107
UK UK transfer pricing adjustment	(51)	(107)
Tax charge for the period	-	-

No deferred taxation arises in this period

A number of changes to the UK corporation tax system were announced in the March 2011 and the March 2012 Budget Statements. The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012. Further reductions to the main rate are proposed to further reduce the rate by 1% per annum to 22% by 1 April 2014. The impact of these proposed changes on the financial statements would be nil since the company has no deferred tax balances.

5. Debtors

	2011 £000	2010 £000
Amounts receivable within one year:		
Amounts due from Group undertakings	9,592	9,592
	<u>9,592</u>	<u>9,592</u>

Amounts due from Group undertakings of £9,592,000 (2010: £9,592,000) are unsecured, repayable on demand and interest free.

Centrica Finance Investments Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6. Called up share capital

	2011 £	2010 £
Issued, allotted and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

7. Reconciliation of movement in reserves

	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2011	2,000	7,602	9,602
Retained profit for the financial year	-	-	-
At 31 December 2011	<u>2,000</u>	<u>7,602</u>	<u>9,602</u>

8. Reconciliation of movements in shareholder's funds

	2011 £000	2010 £000
Retained profit for the financial year	-	7,602
Net addition to shareholder's funds	-	7,602
Opening shareholder's funds	<u>9,602</u>	<u>2,000</u>
Closing shareholder's funds	<u>9,602</u>	<u>9,602</u>

9. Ultimate parent undertaking

GB Gas Holdings Limited, a company registered in England and Wales, is the immediate parent undertaking. Centrica plc, a company registered in England and Wales, is the ultimate parent undertaking and the only company to consolidate the financial statements of Centrica Finance Investments Limited. Copies of the Annual Report of Centrica plc may be obtained from www.centrica.com