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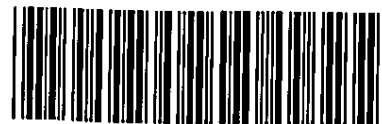
Jannco 2 Limited

Registered Number: 23749 in Guernsey

Registered Number: FC016019 in England and Wales

**Annual report and financial statements
for the year ended 31 December 2007**

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JANNCO 2 LIMITED

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Jannco 2 Limited

Directors' report

The Directors present their annual report and audited financial statements of Jannco 2 Limited (the "Company") for the year ended 31 December 2007

Principal activities and Business Review

The Company's principal activity during the year was that of an investment holding company, and the company intends to carry on its present activity for the foreseeable future. The Company has a business presence in the UK, and thus it falls under the UK tax regime.

Financial results and dividends

The profit for the year, after taxation, amounted to £726 (2006 – £263). Accordingly, the profit for the year has been transferred to reserves. The profit and loss account is set out on page 6.

As at 31 December 2007, the Company had net assets of £13,862 (31 December 2006: net assets of £13,136). The detail on the balance sheet is on page 7.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006: £nil).

Principal risks and uncertainties

The key risks affecting the Company relate to its trading subsidiaries. The Directors do not, therefore, believe there are any significant risks and uncertainties affecting the Company.

Key performance indicators (KPIs)

Given the principal activity of the Company is to act as a holding company, the Company Directors are of the opinion that the analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Financial risk management procedures

The Directors do not consider that the Company has any significant financial risks. The Company is part of the Centrica Group and financial risk management is covered by the group functions. For more details refer to the Centrica Annual Report – notes to the financial statements (accounting policies and financial instruments sections).

Financial risk in respect of currency, interest rate and liquidity are managed by Centrica treasury. Cash balances, over and above, day-to-day operating requirements are remitted to Centrica.

Fixed asset investment

The fixed asset investment as detailed in note 4 to the financial statements is carried at a cost of £416. No valuation has been undertaken in respect of this investment as at 31 December 2007, as the Directors do not intend to dispose of the investment in the foreseeable future.

Jannco 2 Limited

Directors' report (continued)

Directors

The following served as Directors during the year

C J Stern

C P A Weston

Responsibilities of Directors

The Directors are required by The Companies (Guernsey) Law, 1994 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss for that period

In preparing those financial statements the Directors are required to

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records that 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 (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with laws or regulations

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of relevant audit information and to establish that the company's auditors are aware of that information


Jannco 2 Limited

Directors' report (continued)

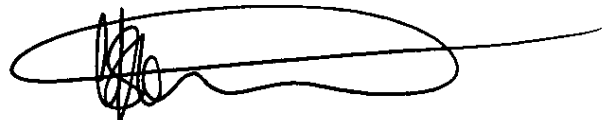
Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting

This report was approved by the Board on 30 June 2008



For and on behalf of
Centrica Secretaries Limited
Company Secretary



C J Stern
Director

Registered Office
1 Le Merchant Street
St Peter Port
Guernsey
GY1 4HP

Jannco 2 Limited

Independent auditors' report to the members of Jannco 2 Limited

We have audited the financial statements of Jannco 2 Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable Guernsey law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 64 of The Companies (Guernsey) Law, 1994 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Accounting Standards, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- The financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 1994, and
- the information in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT
30 June 2008

Jannco 2 Limited

Profit and loss account for the year ended 31 December

	Notes	2007 £	2006 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	(1,000)
Operating loss		-	(1,000)
Interest receivable		726	1,263
Profit on ordinary activities before taxation	2	726	263
Taxation	3	-	-
Profit for the financial year	8	726	263

There were no recognised gains or losses other than the profit for the financial year

There is no difference between the result for the year stated above and its historical cost equivalent

The notes on pages 8 to 10 form part of these financial statements

Jannco 2 Limited

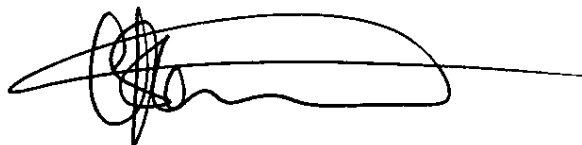
**Balance Sheet
As at 31 December**

	Notes	2007 £	2006 £
Fixed assets			
Investments	4	416	416
Current assets			
Debtors	5	16,446	-
Cash at bank and in hand		-	31,641
		16,446	30,641
Creditors: amounts falling due within one year	6	(3,000)	(18,921)
Net current assets		13,446	12,720
Net Assets		13,862	13,136
Capital and reserves			
Called up share capital	7	1,000	1,000
Profit and loss account	8	12,862	12,136
Total shareholders' funds - equity	8	13,862	13,136

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2008 and were signed on its behalf by



C P A Weston
Director



C J Stern
Director

The notes on pages 8 to 10 form part of these financial statements

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable UK accounting standards and under the historical cost convention and The Companies (Guernsey) Law, 1994

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary undertaking of Centrica plc. The Company has taken advantage of the exemptions within FRS 1, Cash Flow Statements, from presenting a cash flow statement, and within FRS 8, Related Party Disclosures, from disclosing transactions with other group companies.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Fixed asset investments

Fixed asset investments are included in the balance sheet at cost.

The carrying value of fixed asset investments are reviewed for impairment if events or changes in the circumstances indicate that the carrying value may not be recoverable.

2. Profit on ordinary activities before taxation

This is stated after charging

	2007 £	2006 £
Auditors' remuneration – statutory audit	-	1,000

Auditors' remuneration in 2007 was borne by a subsidiary company, Dyno-Rod Limited.

No Director received any emoluments for the Company during the year (2006: £nil).

Jannco 2 Limited - Notes to the financial statements

3. Tax on profit on ordinary activities

(a) Analysis of charge in year

	2007 £	2006 £
Total current tax	-	-

(b) Factors affecting tax charge for the year

	2007 £	2006 £
Profit on ordinary activities before tax	726	263
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2006 30%)	218	79
<i>Effects of</i>		
UK UK transfer pricing adjustment	(135)	(257)
Group relief for nil consideration	(83)	178
Current tax charge for the year	-	-

4. Investments

The Company owns 94,292 shares, representing 41% of the issued share capital of Dyno Holdings Limited, which acts as a holding company. Of these shares, 94,202 were gifted to the Company and therefore no cost arises. The other 90 shares were purchased at a cost of £416. At 31 December 2007 the capital and reserves of Dyno Holdings Limited was £8,695,310 (2006 £8,680,514), and the profit for the year then ended was £14,796 (2006 loss £10,464).

5. Debtors

	2007 £	2006 £
Amount owed by group undertaking	16,446	-

The loan to group undertaking is unsecured, interest free and is repayable on demand.

Jannco 2 Limited - Notes to the financial statements

6. Creditors: amounts falling due within one year

	2007 £	2006 £
Accruals	3,000	3,000
Loan from group undertaking	-	15,921
	<u>3,000</u>	<u>18,921</u>

The loan from group undertaking was unsecured, interest free and was repayable on demand

7. Called up share capital

	2007 £	2006 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, issued and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

8 Reconciliation of total shareholders' funds and movements on reserves

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2007	1,000	12,136	13,136
Profit for the financial year	-	726	726
At 31 December 2007	<u>1,000</u>	<u>12,862</u>	<u>13,862</u>

9. Ultimate parent company

The immediate parent company of Jannco 2 Limited is GB Gas Holdings Limited, a wholly owned subsidiary of Centrica plc, a company registered in England and Wales. Centrica plc is the ultimate parent undertaking. Copies of the Annual Report of Centrica plc, may be obtained from www.centrica.com or from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD