Registration number: 02352390

Centrica Brigg Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

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Centrica Brigg Limited

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Centrica Brigg Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their Strategic Report for Centrica Brigg Limited (the 'Company') for the year ended 31 December 2020.

Principal activity
The Company operates a 99MW embedded open cycle gas turbine unit (Brigg OCGT) at Brigg site and a 49MW battery storage asset in Cumbria. During 2020, the Company principally earned revenues through selling ancillary services to National Grid.

Review of the business
The Company requires a combination of Short Term Operating Reserve (STOR) and Capacity Market (CM) revenues to cover its cost base for the 99MW generator. In the latest CM auctions the Company failed to secure a contract for its 99MW generator asset for T-1 (2019/20), T-3 (2022/23) and T-4 (2023/24) delivery periods. This has presented a challenge for the long-term economic viability of the business.

Following the key CM contract losses, a thorough review has been carried out to analyse potential options for the Brigg OCGT asset to remain in operation. After careful consideration Centrica announced on 26th March 2020 that Brigg OCGT was to close after the end of the winter season on 1st April 2020. However, on 17th April 2020 Centrica Brigg Limited secured a CM contract secondary trade for the spare capacity on the Brigg OCGT asset. This contract took effect from 24th April 2020 and expired on 30th September 2020. Therefore the closure date of the Brigg OCGT asset was delayed in line with the expiration of the aforementioned CM contract, the Brigg OCGT closed in October 2020. The existing CM contract for the 2020/21 delivery period has been transferred to Centrica PB Limited.

The Battery Storage Asset has secured a 15-year CM contract which commenced in October 2020.

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosures Framework ('FRS 101').

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Centrica plc group (the 'Group') and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 34-42 of the Group's Annual Report and Accounts 2020, which does not form part of this report.

Exit from the European Union
The UK and the European Union agreed a new trade deal which came into effect on the 31 December 2020 at 23:00 GMT. The UK's exit from the European Union has added to the risks and uncertainties faced by the Company. However, it is considered that the direct impact of these uncertainties on the Company is limited in the short-term. Extricating from the European Union treaties is a task of immense complexity but the Company is well-positioned to manage the possible market impacts. There are also potential tax consequences of the withdrawal and these will continue to be reassessed at each reporting date to ensure the tax provisions reflect the most likely outcome following the withdrawal.

Key performance indicators ('KPIs')
The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 12-13 of the Group's Annual Report and Accounts 2020, which does not form part of this report. The results of the Company are disclosed in the Directors' Report on page 3.

Future developments

On 11 June 2020, Centrica announced plans for a significant restructure designed to create a simpler, leaner group focused on improved service delivery for customers. The restructure is on track with a reduction in Group direct headcount by over 3,000 in 2020 and another 1,000 role reductions expected to take place in 2021. The restructure will benefit the longer term value of the business, future operating profits and maintenance of a strong capital position of the Group. The Company would not expect to be materially impacted by the restructure.

The Directors are considering the future activities of the Company including a potential re-development opportunity the at Brigg OCGT site.

Approved by the Board on 28 September 2021 and signed on its behalf by:

Samantha Hood

....

By order of the Board for and on behalf of Centrica Secretaries Limited

Company Secretary

Company registered in England and Wales, No. 02352390

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

Centrica Brigg Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors of the Company
The Directors of the Company, who were in office during the year and up to the date of signing the financial statements were as follows:

Mark Futyan (resigned 6 February 2020)

Michael Dennis

Alan Barlow (appointed 31 January 2020 and resigned 5 July 2021)

The following director was appointed after the year end:

Paul Lawton (appointed 5 July 2021)

Results and dividends
The results of the Company are set out on page 10. The loss for the financial year ended 31 December 2020 is £791,000 (2019: loss £5,391,000). This includes an impairment charge of £1,077,000 (2019: 9000,000).

The Company did not pay an interim dividend during the year (2019: £nil) and the Directors do not recommend the payment of a final dividend (2019: £nil).

Financial risk management policy
The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

Exposure in terms of price risk, credit risk, liquidity risk and cash flow risk
Exposure to counterparty credit risk, liquidity risk and cash flow risk arises in the normal course of the Company's business. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings.

Future developments
Future developments are discussed in the Strategic Report on page 2.

Going concern
The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Group expects ongoing impacts from COVID-19 in 2021 and 2022, including lower energy demand and incremental bad debt costs as the economy recovers from the pandemic. The Group's forecasts show that the Group will maintain sufficient headroom, underpinned by unrestricted cash and cash equivalents, net of bank overdrafts, of c.£3.2bn as at 30 June 2021, and c.£3.2bn of undrawn committed facilities, which remain committed until at least 2024. The Group going concern assessment as at 30 June 2021 included various sensitivities including the impacts of a 30% decline in commodity prices, credit rating downgrade and external risks of COVID-19 including lower demand for products, lower energy consumption and higher bad debt costs, as well as mitigating actions to maintain liquidity. After Centrica's interim results announcement in July 2021 neither credit rating agency changed their rating with S&P affirming a BBB (negative) credit rating and Moody's also leaving the Baa2 (negative) rating unchanged.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

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. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 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 that they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are 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.

Auditors
In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board on ....28 September 2021.......and signed on its behalf by:

.... Samantha Hood

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 02352390
Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

Centrica Brigg Limited

Independent Auditors' Report to the Members of Centrica Brigg Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Centrica Brigg Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the documentation of the policies and procedures relating to fraud and compliance with laws and regulations that has been established by the Company's ultimate parent. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions 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 financial statements are prepared is consistent with the financial statements; 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 or the Directors' Report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report
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.

Independent Auditors' Report to the Members of Centrica Brigg Limited (continued)

D. Winstone
....
Daryl Winstone (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 28/9/21

Centrica Brigg Limited

Income Statement for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Revenue	4	4,888	7,013
Cost of sales	6	(3,716)	(5,341)
Gross profit		1,172	1,672
Operating costs	6	(2,002)	(1,863)
Exceptional items - impairment of property, plant and equipment	8	(1,077)	(9,000)
Other income	5	4	2
Operating loss		(1,903)	(9,189)
Finance income	9	1,356	2,837
Finance costs	9	-	(30)
Net finance income		1,356	2,807
Loss before taxation		(547)	(6,382)
Taxation on loss	12	(244)	991
Loss for the year from continuing operations		(791)	(5,391)

The above results were derived from continuing operations.

Centrica Brigg Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 £ 000	2019 £ 000
Loss for the year	(791)	(5,391)
Items that will be or have been reclassified to the Income Statement		
Gain/(loss) on cash flow hedges (net)	(1)	(48)
Taxation on cash flow hedges	(42)	12
	(43)	(36)
Other comprehensive expense	(43)	(36)
Total comprehensive expense for the year	(834)	(5,427)

The notes on pages 14 to 30 form an integral part of these financial statements.

Centrica Brigg Limited

Statement of Financial Position as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Non-current assets			
Property, plant and equipment	13	19,620	21,616
Deferred tax assets	12	144	431
		19,764	22,047
Current assets			
Trade and other receivables	14	6,032	4,266
Inventories	15	151	151
		6,183	4,417
Total assets		25,947	26,464
Current liabilities			
Trade and other payables	17	(654)	(1,144)
Provisions for other liabilities and charges	18	(415)	-
Borrowings	16	(5)	(6)
		(1,074)	(1,150)
Net current assets		5,109	3,267
Total assets less current liabilities		24,873	25,314
Non-current liabilities			
Provisions for other liabilities and charges	18	(2,705)	(2,565)
		(2,705)	(2,565)
Net assets		22,168	22,749
Equity			
Share capital	19	35,310	35,310
Retained earnings		(13,147)	(12,356)
Cash flow hedging reserve		-	(210)
Share-based payments reserve		5	5
Total equity		22,168	22,749

The financial statements on pages 10 to 30 were approved and authorised for issue by the Board of Directors on 28 September 2021 and signed on its behalf by:

....

Michael Dennis
Director

Company number 02352390

The notes on pages 14 to 30 form an integral part of these financial statements.

Centrica Brigg Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Cash flow hedge reserve £ 000	Retained earnings £ 000	Share based payments reserve £ 000	Total equity £ 000
At 1 January 2020	35,310	(210)	(12,356)	5	22,749
Loss for the year	-	-	(791)	-	(791)
Other comprehensive income	-	(43)	-	-	(43)
Total comprehensive income	-	(43)	(791)	-	(834)
Transfers to assets and liabilities from cash flow hedge reserve	-	253	-	-	253
At 31 December 2020	35,310	-	(13,147)	5	22,168

	Share capital £ 000	Cash flow hedge reserve £ 000	Retained earnings £ 000	Share based payments reserve £ 000	Total equity £ 000
At 1 January 2019	35,310	(132)	(6,965)	-	28,213
Loss for the year	-	-	(5,391)	-	(5,391)
Other comprehensive income	-	(36)	-	-	(36)
Total comprehensive income	-	(36)	(5,391)	-	(5,427)
Value of shares provided	-	-	-	5	5
Transfers to assets and liabilities from cash flow hedge reserve	-	(42)	-	-	(42)
At 31 December 2019	35,310	(210)	(12,356)	5	22,749

The notes on pages 14 to 30 form an integral part of these financial statements.

1 General information

Centrica Brigg Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales.

The address of its registered office and principal place of business is:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

2 Accounting policies

Basis of preparation
The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company financial statements are presented in pounds sterling which is the functional currency of the Company.

Changes in accounting policy
From 1 January 2020, the following standards and amendments are effective in the Company's Financial Statements:

- Amendments to IFRS 3: 'Business combinations';
- Amendments to IAS 1: 'Presentation of financial statements' and IAS 8: 'Accounting policies, changes in accounting estimates and errors' and
- Conceptual Framework for Financial Reporting 2018.

None of these changes or amendments had any material impact on the Company's financial statements.

Summary of disclosure exemptions
In these financial statements, as a qualifying entity the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 'Statement of Cash Flows';
- the statement of compliance with Adopted IFRSs;
- the effects of new but not yet effective IFRSs;
- prior year reconciliations for property, plant and equipment and intangible assets;
- the prior year reconciliations in the number of shares outstanding at the beginning and at the end of the year for share capital;
- disclosures in respect of related party transactions with wholly-owned subsidiaries in a group;

2 Accounting policies (continued)

- disclosures in respect of the compensation of key management personnel; and
- disclosures in respect of capital management.

As the consolidated financial statements of the Centrica plc group (the 'Group'), which are available from its registered office, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures' have not been provided apart from those which are relevant for the financial instruments which are held at fair value;
- certain disclosures required by IFRS 3 'Business Combinations' in respect of business combinations undertaken by the Company; and
- disclosures of the net cash flows attributable to the operating, investing and financing activities of discontinued operations.

Measurement convention
The financial statements have been prepared on the historical cost basis except for derivative financial instruments and the carrying value of recognised assets and liabilities qualifying as hedged items in fair value hedges that have been adjusted from cost by the changes in the fair values attributable to the risks that are being hedged.

Going concern
The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Group expects ongoing impacts from COVID-19 in 2021 and 2022, including lower energy demand and incremental bad debt costs as the economy recovers from the pandemic. The Group's forecasts show that the Group will maintain sufficient headroom, underpinned by unrestricted cash and cash equivalents, net of bank overdrafts, of c.£3.2bn as at 30 June 2021, and c.£3.2bn of undrawn committed facilities, which remain committed until at least 2024. The Group going concern assessment as at 30 June 2021 included various sensitivities including the impacts of a 30% decline in commodity prices, credit rating downgrade and external risks of COVID-19 including lower demand for products, lower energy consumption and higher bad debt costs, as well as mitigating actions to maintain liquidity. After Centrica's interim results announcement in July 2021 neither credit rating agency changed their rating with S&P affirming a BBB (negative) credit rating and Moody's also leaving the Baa2 (negative) rating unchanged.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

2 Accounting policies (continued)

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition

The Company adopted IFRS 15 'Revenue from contracts with customers' from 1 January 2018. The primary impact of application is the revision of accounting policies to reflect the five step approach to revenue recognition required by IFRS 15. With the exception of loadbook contract income, all revenue for the Company has been assessed to be within the scope of IFRS 15 and this resulted in no changes to amounts previously recognised in the financial statements. Loadbook income is recognised under IFRS 9 'Financial Instruments'.

Revenue comprises the amount of consideration received or receivable for the sales of goods and provision of services in the ordinary course of the Company's activities. It is recognised to the extent that it is probable that the Company will be able to collect consideration it will be entitled to in exchange for goods and/or services. Revenue is recognised over time as the Company either generates electricity or makes available generating capacity and is measured on the basis of power supplied and/or generating capacity made available during the period.

Revenue from ancillary or support services to National Grid such as Black Start and Capacity Market revenue is recognised by reference to completion of each performance obligation which is generally as generating capacity is made available. Triad revenue is recognised by reference to completion of the performance obligation which is to make generating capacity available within each triad period.

Revenue is recognised on an accruals basis and is shown net of sales/value added tax, returns, rebates and discounts.

Finance 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 value.

Cost of Sales

Cost of sales within power generation businesses includes the depreciation of assets included in generating power, fuel purchase costs, direct labour costs and carbon emissions costs.

Overhaul costs

Contract work involved in replacing gas turbine components is capitalised and depreciated over their expected economic life, typically over the period to the next overhaul. Repairs and other costs that are not of a capital nature are charged directly to the income statement as incurred.

Foreign currencies

Transactions in foreign currencies are, on initial recognition, recorded in the functional currency of the Company at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the Company at the rates prevailing at the reporting date, and associated gains and losses are recognised in the Income Statement for the year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income' or 'finance costs'. All other foreign exchange gains and losses are presented in the Income Statement in the respective financial line item to which they relate.

2 Accounting policies (continued)

Changes in the fair value of foreign currency denominated monetary securities classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the Company are translated using the exchange rate prevailing at the dates of the initial transaction and are not retranslated. Non-monetary items measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was measured.

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 substantively enacted by the reporting date. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

Deferred tax is recognised in respect of all temporary differences identified at the reporting date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the reporting date.

EU Emissions Trading Schemes and renewable obligation certificates

Purchased carbon dioxide emissions allowances are recognised initially at cost (purchase price) within intangible assets. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at the market price of allowances ruling at the reporting date, with movements in the liability recognised in operating profit.

Forward contracts for the purchase or sale of carbon dioxide emissions allowances are measured at fair value with gains and losses arising from changes in fair value recognised in the Company's Income Statement. The intangible asset is surrendered and the liability is extinguished at the end of the compliance period to reflect the consumption of economic benefits.

Property, plant and equipment ('PP&E')

PP&E is included in the Statement of Financial Position at cost, less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

2 Accounting policies (continued)

Subsequent expenditure in respect of items of PP&E, such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day servicing, repairs and maintenance, is expensed as incurred.

Freehold land is not depreciated. Other PP&E, with the exception of upstream production assets (for which the 'unit of production method' is used), are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives.

For gas turbine components depreciation is provided to write off the cost of the assets over their operating lives on an equivalent hours basis.

Depreciation of PP&E
The depreciation periods for the principal categories of assets are as follows:

Asset class	Depreciation method and rate
Power station assets, battery storage and decommissioning asset	Straight line, up to 20 years
Turbine components, other plant and machinery	Based on equivalent hours

The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary changes are accounted for prospectively.

Inventories
Inventories are valued at the lower of cost and estimated net realisable value after allowance for redundant and slow-moving items. Inventories of gas and oil are valued on an average weighted basis, at the lower of cost and net realisable value.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised in the Income Statement within interest expense.

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

Decommissioning costs
Provision is made for the net present value of the estimated cost of decommissioning at the end of their useful lives, based on price levels and technology at the reporting date.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The unwinding of the discount on the provision is included in the Income Statement within interest expense.

2 Accounting policies (continued)

Impairment
The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit's ('CGU') the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Financial assets and liabilities
Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

- Trade and other receivables
Trade receivables are initially recognised at fair value, which is usually the original invoice amount, and are subsequently held at amortised cost using the effective interest method less an allowance for expected credit losses.

- Trade and other payables
Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method (although, in practice, the discount is often immaterial). If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

- Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Company's Income Statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

- Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

2 Accounting policies (continued)

- Loans and other borrowings

All interest-bearing and interest-free loans and other borrowings are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, these financial instruments are measured at amortised cost using the effective interest method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

Derivative financial instruments

The Company uses a range of derivatives for both trading and to hedge exposures to financial risks, such as foreign exchange and energy price risks, arising in the normal course of business. The use of derivative financial instruments is governed by the Group's policies. Further detail on the Group's risk management policies is included within the Annual Report and Accounts 2020 of the ultimate controlling party being Centrica plc, in the Strategic Report - Principal Risks and Uncertainties on pages 34 to 42 and in note S3.

The accounting treatment for derivatives is dependent on whether they are entered into for trading or hedging purposes. A derivative instrument is considered to be used for hedging purposes when it alters the risk profile of an underlying exposure of the Company in line with the Company's risk management policies and is in accordance with established guidelines, which require the hedging relationship to be documented at its inception, ensure that the derivative is highly effective in achieving its objective, and require that its effectiveness can be reliably measured. The Company also holds derivatives which are not designated as hedges and are held for trading. All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when both a legal right of set-off exists and the intention to net settle the derivative contracts is present.

Derivatives are classified as current and non-current assets or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Embedded derivatives: derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains or losses reported in the Income Statement. The closely-related nature of embedded derivatives is reassessed when there is a change in the terms of the contract which significantly modifies the future cash flows under the contract. Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in the Income Statement.

Hedge accounting

The Company continues to apply the hedge accounting requirements of IAS 39 Financial Instruments and has not adopted IFRS 9 hedge accounting.

For the purposes of hedge accounting, hedges are classified as either fair value hedges or cash flow hedges.

2 Accounting policies (continued)

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the Income Statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged and any gains or losses on re-measurement are recognised immediately in the Income Statement. On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the Income Statement over the remaining life of the hedged item.

Cash flow hedges
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Income Statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the Income Statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss e.g. when interest income or expense is recognised.

For cash flow hedges, other than those covered above, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Income Statement immediately.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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 the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimations (which are dealt with separately below).

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Decommissioning costs
The estimated cost of decommissioning is reviewed periodically and is based on price levels and technology at the reporting date. Provision is made for the estimated cost of decommissioning at the reporting date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but will commence in 2021 for the existing Brigg OCGT assets and 2038 for the battery storage assets. Details regarding the decommissioning provision can be found in note 18.

Impairment of long-lived assets
The Company has material long-lived assets that are assessed or tested for indicators of impairment at each reporting date in accordance with the Company's accounting policy as disclosed in note 2. The Company makes judgements and estimates in considering whether the carrying amounts of these assets or CGU are recoverable. The key operating assumptions are revenues (in particular, future capacity market, energy and reserve prices), gross margin and operating costs.

During the year an impairment review was carried out that resulted in an impairment charge of £1,077,000 (2019: £9,000,000) being recognised in the year.

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Capacity market revenue	973	572
Loadbook contract income	-	467
Balancing mechanism revenue	166	538
Triad revenue	985	2,902
Battery storage revenue	2,731	2,517
Other revenue	33	17
	4,888	7,013

All revenue relates to the principal activity of the business and occurs wholly in the United Kingdom. Revenue falling outside the scope of IFRS 15 in 2020 amounted to £nil (2019: £467,000) and relates to energy market trading income. This revenue falls within the scope of IFRS 9 'Financial Instruments'.

UK Capacity Market
The UK capacity market for power is designed to encourage investment in reliable capacity to secure future supplies of electricity for the UK. To achieve this, it offers fixed monthly payments to generators who have won capacity market contracts in the auctions, funded by energy suppliers (in proportion to their share of the UK electricity supply market).

5 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2020 £ 000	2019 £ 000
Other income	4	2

In 2020 the company sold scrap parts for £4,000 (2019: £2,000).

6 Analysis of costs by nature

	2020			2019		
	Cost of sales £ 000	Operating costs £ 000	Total costs £ 000	Cost of sales £ 000	Operating costs £ 000	Total costs £ 000
Foreign exchange gains	-	-	-	-	12	12
Operating lease expense - vehicle	-	(1)	(1)	-	-	-
Employee costs	(802)	(488)	(1,290)	(1,022)	-	(1,022)
Depreciation/ write-downs	(1,100)	(18)	(1,118)	(1,624)	-	(1,624)
Realised losses	(253)	-	(253)	(18)	-	(18)
Transportation, distribution and metering costs	(1,530)	-	(1,530)	(2,520)	-	(2,520)
Recharges	-	(654)	(654)	-	(1,361)	(1,361)
Facilities and property costs	-	(463)	(463)	-	(428)	(428)
Decommissioning Provision increase	-	(225)	(225)	-	-	-
Contractor and other staff related costs	-	(33)	(33)	-	(74)	(74)
Other cost of sales	(31)	-	(31)	(157)	-	(157)
Other operating costs	-	(111)	(111)	-	(8)	(8)
Contractor, consultancy and other professional services	-	(9)	(9)	-	(4)	(4)
Total costs by nature	(3,716)	(2,002)	(5,718)	(5,341)	(1,863)	(7,204)

7 Employees' costs

The Company has no direct employees (2019: zero). However, central payroll costs amounting to £794,000 (2019: £926,000) were incurred through a recharge during the year in respect of an average of 11 (2019: 13) staff providing services to the Company under an employee services agreement with a Group company. Also under this agreement additional pension costs of £181,000 (2019: £96,000) have been incurred from the Group company.

8 Exceptional items

The following exceptional items were recognised in arriving at operating profit for the reporting year:

	2020 £ 000	2019 £ 000
Exceptional items - impairment of property, plant and equipment	(1,077)	(9,000)

During the year an impairment review was carried out to determine whether the carrying amounts of the assets and CGU's was recoverable. The key operating assumptions used were gross margin, revenues and operating costs. In 2020, £1,077,000 impairment charge was recognised in the year (2019: £9,000,000).

9 Net finance income/cost

Finance income

	2020 £ 000	2019 £ 000
Interest income from amounts owed by Group undertakings	1,356	2,819
Other finance income	-	18
Total finance income	1,356	2,837

Finance cost

	2020 £ 000	2019 £ 000
Decommissioning provision notional interest	-	(30)
Total finance costs	-	(30)
Net finance income	1,356	2,807

10 Directors' remuneration

The Directors were remunerated as employees of Centrica plc Group and did not receive any remuneration, from any source, for their services as Directors of the Company during the current or preceding financial year. Accordingly, no details in respect of their emoluments have therefore been included in these financial statements.

11 Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the Financial Statements provided to the Company.

	2020 £ 000	2019 £ 000
Audit fees	(8)	(8)

Auditors' remuneration relates to fees for the audit of the financial statements of the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group Financial accounts of its ultimate parent, Centrica plc.

12 Income tax

Tax credited/(charged) in the Income Statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax at 19% (2019: 19%)	-	67
UK corporation tax adjustment to prior periods	-	(115)
	-	(48)
Deferred taxation		
Origination and reversal of temporary differences	(282)	1,148
Changes in tax rates	45	(212)
Adjustment in respect of prior period	(7)	103
Total deferred taxation	(244)	1,039
Taxation on loss	(244)	991

The main rate of corporation tax for the year to 31 December 2020 was 19% (2019: 19%). The Budget on 3 March 2021 announced that the rate of corporation will increase to 25% with effect from 1 April 2023. The deferred tax balances provided in these financial statements reflect the enacted rate of 19%, when the Finance Bill 2021 is enacted the impact on deferred tax balances will increase the deferred balances by £45,214.

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax to the profit before tax are reconciled below:

12 Income tax (continued)

	2020 £ 000	2019 £ 000
Loss before tax	(547)	(6,382)
Tax on loss at standard UK corporation tax rate of 19% (2019: 19%)	104	1,213
Decrease in current tax from adjustment for prior periods	(7)	(12)
Decrease from effect of expenses not deductible in determining taxable loss	-	(1)
Decrease arising from group relief tax reconciliation	(385)	(159)
Increase from transfer pricing adjustments	-	159
Deferred tax expense/(credit) relating to changes in tax rates or laws	44	(209)
Total tax (charge)/credit	(244)	991

Deferred tax

The movements in respect of the deferred income tax assets and liabilities that occurred during the financial year are as follows:

	Accelerated tax depreciation £000	Revaluation of cash-flow hedges £000	Other items £000	Total £ 000
1 January 2020	(49)	44	436	431
Charged/(credited) to the Income Statement	(400)	-	157	(243)
Credited to other comprehensive income	-	(44)	-	(44)
31 December 2020	(449)	-	593	144

	Accelerated tax depreciation £000	Revaluation of cash-flow hedges £000	Other items £000	Total £ 000
1 January 2019	(1,109)	32	457	(620)
Charged/(credited) to the Income Statement	958	-	(21)	937
Charged to other comprehensive income	-	12	-	12
Prior period adjustments	102	-	-	102
31 December 2019	(49)	44	436	431

The deferred tax balance of £144,000 (2019: £431,000) arises on tax losses and is recoverable after more than one year. There is no unrecognised deferred tax in 2020 or 2019.

12 Income tax (continued)

	2020 Assets £ 000	2020 Liabilities £ 000	2019 Assets £ 000	2019 Liabilities £ 000
Gross deferred tax balances crystallising within one year	-	(449)	-	(49)
Gross deferred tax balances crystallising after one year	593	-	479	-
	593	(449)	479	(49)

13 Property, plant and equipment

	Power station assets £ 000	Decommissioning asset £ 000	Turbines, plant and equipment £ 000	Battery storage assets £ 000	Total £ 000
Cost					
At 1 January 2020	60,430	2,381	7,415	30,172	100,398
Additions	-	198	-	1	199
Disposals and surrenders	(59,182)	(1,939)	(7,415)	-	(68,536)
At 31 December 2020	1,248	640	-	30,173	32,061
Accumulated depreciation and impairment					
At 1 January 2020	(58,814)	(1,909)	(7,415)	(10,644)	(78,782)
Charge for the year	-	(89)	-	(1,029)	(1,118)
Disposals and surrenders	59,182	1,939	7,415	-	68,536
Impairment	(368)	-	-	(709)	(1,077)
At 31 December 2020	-	(59)	-	(12,382)	(12,441)
Net book value					
At 31 December 2020	1,248	581	-	17,791	19,620
At 31 December 2019	1,616	472	-	19,528	21,616

Impairment

The Company has material long-lived assets that are assessed or tested for indicators of impairment at each reporting date in accordance with the Company's accounting policy as disclosed in note 2. The Company makes judgements and estimates in considering whether the carrying amounts of these assets or cash generating units are recoverable. The key operating assumptions are revenues (in particular, future capacity market, energy and reserve prices), gross margin and operating costs.

During the year an impairment review was carried out that resulted in an impairment charge of £1,077,000 (2019: £9,000,000) being recognised in the year. In addition to this impairment, the scrap asset was also reduced for power station assets, as per the latest independent decommissioning report. There was also a clear down of assets and accumulated depreciated for the assets which had been fully depreciated within power station and turbine assets.

14 Trade and other receivables

	2020 Current £ 000	2019 Current £ 000
Amounts owed by Group undertakings	5,487	2,432
Accrued energy income	288	1,305
Prepayments	-	529
VAT	39	-
Other receivables	218	-
	6,032	4,266

The amounts owed by Group undertakings have been presented on a net basis as there is a legal right of offset, and the intent is to settle amounts on a net basis. Included within the net amounts owed by Group undertakings disclosed above is a receivable of £7,025,000 (2019: £36,076,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 4.42% and 4.73% per annum during 2020 (2019: 4.20% and 4.90%). The non-interest bearing balance comprises a payable of £1,672,000 (2019: £33,644,000). All amounts owed by Group undertakings are unsecured and repayable on demand.

Also included within the amounts owed by Group undertakings is a corporation tax payable of £48,000 (2019: £48,000).

15 Inventories

	2020 £ 000	2019 £ 000
Strategic spares and consumables	151	151

There is no significant difference between the replacement cost of inventories and their carrying amounts.

16 Loans and borrowings

	31 December 2020 £ 000	31 December 2019 £ 000
Current bank overdrafts, loans and borrowings		
Bank overdrafts	(5)	(6)

17 Trade and other payables

	2020	2019
	Current	**Current**
	£ 000	**£ 000**
Trade payables	(246)	(250)
Accrued expenses	(358)	(388)
Amounts owed to Group undertakings	-	(382)
EU ETS emissions obligations	(50)	(104)
VAT	-	(20)
	(654)	(1,144)

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

The amounts owed to Group undertakings have been presented on a net basis as there is a legal right of offset, and the intent is to settle amounts on a net basis.

18 Provisions for other liabilities and charges

	Restructuring £ 000	Decommissioning £ 000	Total £ 000
At 1 January 2020	-	2,565	2,565
Charged to the Income Statement	315	225	540
Revision to provision on existing assets	-	198	198
Provisions used	(125)	(58)	(183)
At 31 December 2020	190	2,930	3,120
Non-current liabilities	-	2,705	2,705
Current liabilities	190	225	415

Decommissioning
The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, for the existing power station assets decommissioning will commence in 2021 and it is currently anticipated to begin in 2038 for the battery storage assets. The decommissioning costs represent an independent valuer's best estimate. A discount rate of 0.00% (2019: 1.20%) has been used.

19 Capital and reserves

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	35,310,000	35,310,000	35,310,000	35,310,000

Cash flow hedge reserve
The cash flow hedging reserve comprises fair value movements on instruments designated as cash flow hedges under the requirements of IFRS 9. Amounts are transferred from the cash flow hedging reserve to the Income Statement or the Statement of Financial Position as and when the hedged item affects the Income Statement or the Statement of Financial Position which is, for the most part, on receipt or payment of amounts denominated in foreign currencies.

Retained earnings
The balance classified as retained earnings includes the profits and losses realised by the Company in previous periods that were not distributed to the shareholders of the Company at the reporting date.

20 Fair value of financial instruments

The Company has entered into forward contracts to economically hedge its foreign exchange exposure on payments made to foreign suppliers required on the battery storage development project. The derivatives fair value are recognised in the financial statements. This forward contract ended in January 2020.

Determination of fair values
The Company's policy for the classification and valuation of financial instruments is disclosed in the accounting policies section of these financial statements. The fair value hierarchy levels are determined in accordance with IFRS 13 and are consistent with those used by its ultimate controlling party being Centrica plc. Further information on the matter including valuation techniques to derive Level 2 and Level 3 fair values is provided in its Annual Report and Accounts 2020.

21 Parent and ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated financial statements. Copies of the Centrica plc consolidated financial statements may be obtained from www.centrica.com.

The registered address of Centrica plc is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD.