

Registered No: 01571833

British Gas Housing Services Limited
Annual Report and Financial Statements
For the year ended 31 December 2012



British Gas Housing Services Limited

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British Gas Housing Services Limited

Directors' report for the year ended 31 December 2012

The Directors present their report and the audited financial statements of British Gas Housing Services Limited (the "Company") for the year ended 31 December 2012

Principal activities

The principal activity of the Company is the supply of engineers to other Centrica plc group companies. These engineers work in the repair, servicing and installation of gas central heating systems in residential premises throughout Great Britain.

On 31 December 2012, as part of an internal reorganisation by the ultimate parent company, the trade and assets of the Company were transferred to another group company British Gas Services Limited, in exchange for an intercompany receivable of £6,931,790. The trade of British Gas Housing Services Limited will be undertaken in British Gas Services Limited from this date. Following the transfer, on the 31st of December 2012 British Gas Housing Services Limited declared and paid an interim dividend of £6,931,789 to British Gas Services Limited. All remaining balances within the company have been converted to non interest bearing intercompany loans.

As the business activities of the Company have been transferred to British Gas Services Limited it is envisaged that the Company will be classed as non-trading from now on.

Business review and future outlook

The Company continued to provide engineers to other Centrica plc group companies throughout 2012, for which it receives appropriate reimbursement from those Group companies.

During 2012, it was decided to merge the activities of the Company with British Gas Services Limited to take advantage of synergies. All employees were transferred onto British Gas Services Limited contracts and integrated into British Gas Services Limited.

Results and dividends

The profit on ordinary activities after taxation for the year ended 31 December 2012 is £151,000 (2011 £151,000).

The Directors paid an interim dividend during the year of £6,931,789. The Directors recommend that no final dividend be paid (2011 £nil).

Called up share Capital

By special resolution passed on 21 December 2012, which was accepted by the Companies House on 21 December 2012, the company reduced its share premium balance from £2 to nil and reduced its called up share capital by £1,383,198 to £1 by the cancellation of 1,383,198 ordinary shares at a nominal value of £1. The capital reduction totalling £1,383,198 was credited to cumulative retained earnings. The issued share capital was then 1 ordinary share of £1 with a nominal value of £1.

Financial position

The financial position of the Company is presented in the balance sheet on page 7. Equity shareholder funds at 31 December 2012 were £1 (2011 £6,781,000).

Principal risks and uncertainties and financial risk management

From the perspective of the Company, the principle risks and uncertainties are integrated with the principal risks of the Centrica plc group ("the Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed on pages 40-50 of the 2012 Annual Report and Financial Statements of the Group which does not form part of this report.

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.

British Gas Housing Services Limited

Directors' report for the year ended 31 December 2012 (continued)

Key Performance Indicators (KPI's)

The Directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are discussed on pages 18-19 of the 2012 Annual Report and Financial Statements of the Group which does not form part of this report.

Directors

The following served as Directors during the year and up to the date of signing of this report, unless otherwise indicated.

M J Bateman

S J Buck (appointed 29 May 2012)

M R Uzielli (resigned 29 May 2012)

Employment policies

During 2012, the Company employed an average of 9 people, all employed in the United Kingdom (2011: 10). The disclosures surrounding the 'Employee Costs' and the 'Average number of employees during the year' (see note 5c) relate to Centrica Group employees that work in the Company's business. The Directors believe that the disclosures given are the fairest representation of the staff costs for the business.

Employees are regularly updated on performance against the Group's strategy. There are regular employee surveys, action planning forums and dialogue with representatives of local employee consultative bodies and recognised trade unions to ensure a comprehensive understanding of employee views. The Centrica Group, to which the Company belongs, encourages employee share ownership by operating tax authority-approved share schemes open to all eligible employees, including Executive Directors.

The Company is committed to pursuing equality and diversity in all its employment activities and continues to support initiatives to provide employment for people from minority groups in the community, including people with a disability, carers and lone parents. To the extent possible, people with a disability are offered the same employment training, career development and promotion opportunities as other employees.

The Company's business principles and policies set out standards of behaviour expected of its employees in conducting business in an ethical way.

Political and charitable donations

The Company made no political or charitable donations during the year (2011: £nil).

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

British Gas Housing Services Limited

Directors' report for the year ended 31 December 2012 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 10 May 2013



For and on behalf of
Centrica Secretaries Limited

Company Secretary

Company registered in England and Wales number 01571833

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

British Gas Housing Services Limited

Independent auditors' report to the members of British Gas Housing Services Limited

We have audited the financial statements of British Gas Housing Services Limited for the year ended 31 December 2012 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 3, 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 members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

British Gas Housing Services Limited

Independent auditors' report to the members of British Gas Housing Services Limited (continued)

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

Adam Beasant (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9, Greyfriars Road
Reading
RG1 1JG

British Gas Housing Services Limited

Profit and loss account for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	494	437
Administrative expenses	3	(470)	(416)
Operating profit		24	21
Loss on disposal of fixed assets	6	(64)	-
Interest receivable and similar income	4	191	130
Profit on ordinary activities before taxation		151	151
Tax on Profit on ordinary activities	8	-	-
Profit for the financial year	13	151	151

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historic cost equivalents

All amounts relate to discontinued operations

There have been no recognised gains and losses during the year other than those shown in the profit and loss account

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

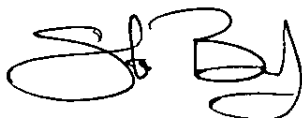
British Gas Housing Services Limited

Balance sheet as at 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets (goodwill)	9	-	-
		-	-
Current assets			
Debtors (amounts falling within one year)	10	-	6,781
		-	6,781
Net current assets		-	6,781
Total assets less current liabilities		-	6,781
Net assets		-	6,781
Capital and reserves - equity interests			
Called up share capital	11,13	-	1,383
Share premium account	13	-	2
Share option reserve	12	-	-
Profit and loss account	12	-	5,396
Total shareholders' funds	13	-	6,781

The financial statements on pages 6 to 13 were approved and authorised for issue by the Board of Directors on 10 May 2013

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



S J Buck
Director

Company registered number 01571833

British Gas Housing Services Limited

Notes to the financial statements for the year ended 31 December 2012

1. Principal accounting policies

Accounting principles

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with United Kingdom Accounting Standards and the Companies Act 2006

The following accounting policies have been applied consistently in relation to the Company's financial statements

Basis of preparation

The Company is a wholly owned subsidiary undertaking of British Gas Services Limited, which is a wholly owned subsidiary undertaking of GB Gas Holdings Limited. 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 wholly-owned group companies

Turnover

Turnover comprises income received from other Group companies for the supply of skilled and semi-skilled engineers. Turnover is recognised in the same period in which services are provided to other Group companies by the Company's employees

All turnover arose in the United Kingdom

Intangible fixed assets

Goodwill arising on the acquisition of a business is included in the balance sheet at cost, less accumulated amortisation and any provisions for impairment. On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. Goodwill, which represents the difference between the purchase consideration and the fair values of those net assets, is capitalised and amortised on a straight-line basis over a period, which represents the Directors' estimate of its useful economic life. Goodwill is amortised over a period of 5 years

Pension costs

For defined contribution schemes, the amount charged to the Profit and Loss Account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the Balance Sheet

2. Turnover

	2012	2011
	£'000	£'000
Recharges to group undertakings	494	437

British Gas Housing Services Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

3. Administrative expenses

	Notes	2012 £'000	2011 £'000
Operating profit is stated after charging administrative expenses of:			
Employee costs	5b	<u>470</u>	<u>416</u>
		<u>470</u>	<u>416</u>

Auditors' remuneration for the statutory audit for the year ended 31 December 2012 of £4,000 (2011 £3,800) was borne by British Gas Services Limited and not recharged to the Company

Auditors' remuneration 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

4. Interest receivable and similar income

	2012 £'000	2011 £'000
Intra Group interest receivable	<u>191</u>	<u>130</u>

5. Directors and employees

a) Directors' remuneration and interests'

The emoluments of three 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

	2012 £'000	2011 £'000
b) Employee costs		
Wages and salaries	403	357
Social security costs	47	42
Other pension and retirement benefits costs	<u>20</u>	<u>17</u>
	<u>470</u>	<u>416</u>

c) Average monthly number of employees during

	2012 Number	2011 Number
By activity -		
Field engineers	<u>9</u>	<u>10</u>

The disclosures surrounding the 'Employee costs' and the 'Average number of employees during the year' relate to Centrica Group employees that work in the Company's business. Not all of these employees have service contracts with the Company because in some cases the contracts of service are with other Centrica Group companies. The Directors believe that the disclosures are a fair representation of the costs to the business.

On 31 December 2012, it was decided to merge the activities of British Gas Housing Services Limited with British Gas Services Limited and take advantage of synergies. All employees were transferred onto British Gas Services Limited employment contracts and integrated into British Gas Services Limited.

British Gas Housing Services Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

d) Pensions

Employees of the Company are eligible to join the Centrica "Flexible Choice" Pension Scheme, a defined contribution scheme. The aggregate contributions to the scheme during the year were £20,000 (2011 £17,000). The amount outstanding at the balance sheet date was £nil (2011 £nil).

6. Loss on disposal of fixed assets

On 31 December 2012 as part of an internal reorganisation by the ultimate parent company, the trade and assets of the Company were transferred to another group company, British Gas Services Limited, for a fixed intercompany receivable of £6,931,790. The net assets of the Company on the date of transfer were £6,995,633. The difference of £63,843 is recognised as a loss on disposal.

7. Dividends

The Directors paid an interim dividend during the year of £6,931,789 per share totalling £6,931,789 (2011 £nil). No final dividend was proposed.

	2012 £000	2011 £000
Dividends paid	<u>6,932</u>	<u>-</u>
	<u>6,932</u>	<u>-</u>

8. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

The tax charge comprises

	2012 £'000	2011 £'000
Current tax:		
UK corporation tax on profits of the year	<u>-</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

British Gas Housing Services Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year differs from that calculated at the standard rate of corporation tax in the UK 24.5% (2011 26.5%) The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax:	151	151
Tax on profit on ordinary activities at standard UK corporation tax rate of 24.5% (2011 26.5%)	37	40
Effects of		
General inadmissible expenditure	16	-
Group relief for nil consideration	(52)	(39)
UK - UK transfer pricing	(1)	(1)
Current tax charge for the year	-	-

There is no Deferred tax (either recognised or unrecognised) in either the current or prior year

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013, enacted under Finance Act 2012. Further reductions to the main rate were proposed in the Autumn Statement 2012 and the Budget Statement 2013 to respectively reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015. Beyond a reduction to 23% from 1 April 2013, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of the proposed changes to the financial statements is nil since the company has no deferred tax balances.

9. Intangible fixed assets (goodwill)

	Goodwill 2012 £'000
Cost:	
As at 1 January 2012	1,500
As at 31 December 2012	1,500
Accumulated amortisation	
As at 1 January 2012	(1,500)
Charge in the year	-
As at 31 December 2012	(1,500)
Net book value:	
As at 31 December 2012	-
As at 31 December 2011	-

Goodwill arose from the acquisition of the sales contracts and direct workforce of West Lancashire Heating Limited in February 2003 at a purchase price of £1.5m. No assets or liabilities were acquired. This goodwill has been amortised over its estimated useful economic life of five years commencing in 2003.

British Gas Housing Services Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

10. Debtors

	2012 £'000	2011 £'000
Amounts owed by Group undertakings	-	6,531
Accrued income	-	250
	<u>-</u>	<u>6,781</u>

The amounts receivable from Group undertakings at 31 December 2012 is £nil (2011 £6.5 million) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.28 and 3.51% per annum during 2012 (2011 1.71 and 2.71%). All amounts receivable from Group undertakings are unsecured and repayable on demand. The debtors were transferred as part of the disposal of all the trade and assets to another group company, British Gas Services Limited.

11. Called up share Capital

By special resolution passed on 21 December 2012, which was accepted by the Companies House on 21 December 2012, the company reduced its share premium balance from £2 to nil and reduced its called up share capital by £1,383,198 to £1 by the cancellation of 1,383,198 ordinary shares at a nominal value of £1. The capital reduction totalling £1,383,198 was credited to cumulative retained earnings. The issued share capital was then 1 ordinary share of £1 with a nominal value of £1.

	2012 £'000	2011 £'000
Authorised:		
Allotted and fully paid share capital		
1 ordinary shares of £1 each	<u>-</u>	<u>1,383</u>

12. Profit and Loss account

	Year to 31 December 2012 £'000	Year to 31 December 2011 £'000
Balance brought forward	5,396	5,245
Profit for the financial year	151	151
Reduction in Share capital	1,383	-
Reduction in Share premium	2	-
Dividend paid (note 7)	(6,932)	-
Balance carried forward	<u>-</u>	<u>5,396</u>

British Gas Housing Services Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

13. Reconciliation of movement in shareholders' funds

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
As at 1 January 2012	1,383	2	5,396	6,781
Profit for the year	-	-	151	151
Reduction in Share capital	(1,383)	-	1,383	-
Reduction in Share premium	-	(2)	2	-
Dividend paid (Note 7)	-	-	(6,932)	(6,932)
As at 31 December 2012	-	-	-	-

14. Related parties

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica Group companies. Except for any related party disclosures disclosed in the Centrica plc Annual Report and Financial Statements 2012, there have been no other disclosable related party transactions during the year (2011: £nil).

15. Ultimate parent undertaking

On the 31 December 2012, as part of an internal reorganisation, British Gas Housing Services Limited was purchased by British Gas Services Limited, a company registered in England and Wales. The ultimate parent undertaking and the ultimate controlling party is Centrica Plc, a company registered in England and Wales which is the only company to include these financial statements in its consolidated statements. Copies of the 2012 Annual Report and Accounts of Centrica plc may be obtained from www.centrica.com.