

**Registered Number: 04910816**

**Centrica Leasing (KL) Limited**

**Annual report and Financial Statements  
For the year ended 31 December 2012**



# **Centrica Leasing (KL) Limited**

## **Annual report and Financial Statements for the year ended 31 December 2012**

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# **Centrica Leasing (KL) Limited**

## **Directors' report for the year ended 31 December 2012**

The Directors present their report and the audited financial statements of Centrica Leasing (KL) Limited ('the Company') for the year ended 31 December 2012

### **Principal activities**

The Company's principal activity during the year was the leasing of the 325MW gas fired combined cycle gas turbine generating station at King's Lynn, Norfolk, known as the King's Lynn Power Station, to Centrica KL Limited

On 31 December 2012, as part of an internal reorganisation by the ultimate parent company, the trade and assets of Centrica Leasing (KL) Limited were transferred to another group company GB Gas Holdings Limited, in exchange for a fixed intercompany receivable of £522,000. The trade of Centrica Leasing (KL) Limited will be taken on in GB Gas Holdings Limited from this date. Following the transfer, on the 31<sup>st</sup> of December Centrica Leasing (KL) Limited did not declare or pay a dividend.

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

### **Business review**

The Company's principal source of income in 2012 was lease rentals on an intra-group operating lease.

During 2012, it was decided to merge the activities of Centrica Leasing (KL) Limited with GB Gas Holdings Limited to take advantage of synergies.

As part of the internal reorganisation by the ultimate parent company, a loan from GB Gas Holdings Limited to Centrica Leasing (KL) Limited was waived in order to create a distributable reserves position. This loan waiver amounted to £6,222,000 and has been treated as an exceptional credit to the profit and loss account in the year.

### **Principal risks and uncertainties and financial risk management**

The principal risks and uncertainties are integrated with the principal risks of the Centrica plc group ('the Group') and are not managed separately. The principal risks of the Group are set out on pages 44-50 of the 2012 annual report and financial statements of the Group which does not form part of this report.

### **Key performance indicators**

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.

### **Results and dividends**

The results of the Company are set out on page 5.

The profit for the financial year ended 31 December 2012 is £6,306,000 (2011 loss of £5,886,000). No dividends were paid or declared on the ordinary shares for the year ended 31 December 2012 (2011: £nil).

### **Financial position**

The financial position of the Company is presented in the balance sheet on page 6. The shareholders' funds at 31 December 2012 were £2 (2011 deficit of £6,306,000).

### **Directors**

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

Graeme Collinson  
Thomas Hinton  
Sarwjit Sambhi  
John Watts

# **Centrica Leasing (KL) Limited**

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

### **Creditor payment policy**

It is the Company's policy to pay all of its creditors in accordance with the policies set out below. Special contractual terms apply for gas and electricity supplies. For all other trade creditors, it is the Company's policy to

- i) agree the terms of payment in advance with the supplier,
- ii) ensure that suppliers are aware of the terms of payment and,
- iii) pay in accordance with contractual and other legal obligations

### **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.

### **Going concern**

The Directors believe that preparing the account on the going concern basis is appropriate due to the continued financial support of the ultimate parent company (Centrica plc). The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after these financial statements are signed.

### **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 to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

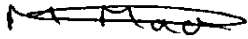
## **Centrica Leasing (KL) Limited**

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

#### **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 27 June 2013



For and on behalf of Centrica Secretaries Limited

**Company Secretary**

Company registered in England and Wales No 04910816

Registered office

Millstream

Maidenhead Road

Windsor

Berkshire, SL4 5GD

# **Centrica Leasing (KL) Limited**

## **Independent auditors' report to the members of Centrica Leasing (KL) Limited**

We have audited the financial statements of Centrica Leasing (KL) 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 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's 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 financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us or,
- the financial statements are not in agreement with the accounting records and returns or,
- certain disclosures of Directors' remuneration specified by law are not made or,
- we have not received all the information and explanations we require for our audit.

Mark King (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
27 June 2013

# Centrica Leasing (KL) Limited

## Profit and loss account for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Turnover	3	449	449
Cost of sales		-	(173)
<b>Gross profit</b>		<b>449</b>	<b>276</b>
Administrative expenses including exceptional items		6,218	(5,847)
<b>Operating profit before exceptional items</b>		<b>445</b>	<b>276</b>
Exceptional operating item - impairment	11	-	(5,847)
Exceptional operating item - Loan waiver	4	6,222	-
<b>Operating profit / (loss)</b>	4	<b>6,667</b>	<b>(5,571)</b>
Interest receivable and similar income	8	27	33
Interest payable and similar charges	9	(388)	(393)
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>6,306</b>	<b>(5,931)</b>
Tax on profit / (loss) on ordinary activities	10	-	45
<b>Profit / (loss) for the financial year</b>	18	<b>6,306</b>	<b>(5,886)</b>

The Company has no recognised gains or losses other than the profit / (loss) above and therefore no separate statement of total recognised gains and losses has been presented

There are no differences between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the years stated above and their historical cost equivalents

The notes on pages 7 to 14 form part of these financial statements

All results relate to discontinued operations

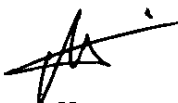
# Centrica Leasing (KL) Limited

## Balance sheet as at 31 December 2012

	Note	2012 £000	2011 £000
<b>Fixed assets</b>			
Tangible assets	11	-	-
<b>Current assets</b>			
Debtors - amounts falling due within one year	12	-	151
Debtors - amounts falling due after more than one year	13	-	327
Cash at bank and in hand		-	198
		-	676
Creditors - amounts falling due within one year	14	-	(110)
<b>Net current assets</b>		-	566
<b>Total assets less current liabilities</b>		-	566
Creditors - amounts falling due after more than one year	15	-	(6,872)
<b>Net assets / (liabilities)</b>		-	(6,306)
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Profit and loss account	18	-	(6,306)
<b>Total shareholders' funds / (deficit)</b>	19	-	(6,306)

The notes on pages 7 to 14 form part of these financial statements

The financial statements on pages 5 to 14 were approved and authorised for issue by the Board of Directors on 27 June 2013 and were signed on its behalf by



**Thomas Hinton**  
**Director**

**Registered Number: 04910816**

# **Centrica Leasing (KL) Limited**

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

### **1. Statement of accounting policies**

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and the applicable United Kingdom accounting standards. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### **Turnover**

Turnover is recognised on an accruals basis and relates to operating lease income receivable from Centrica KL Limited.

#### **Tangible assets**

Tangible assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on all fixed assets, other than freehold land. Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows for these asset classes:

- Power station assets	20 years
------------------------	----------

Assets acquired from Centrica KL Limited in 2007 are depreciated over their estimated remaining useful economic life.

#### **Equipment leased to Centrica KL Limited**

Equipment leased to Centrica KL Limited under finance leases is de-recognised. Debtors under finance leases represent outstanding amounts due under these arrangements less finance charges allocated to future periods. Finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investment. Equipment leased to customers under operating leases is capitalised and depreciated over their remaining useful economic life. Operating lease income is accounted for on a straight-line basis with any rental increases recognised during the period to which they relate and is included in turnover.

# **Centrica Leasing (KL) Limited**

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

### **1. Statement of accounting policies (continued)**

#### **Deferred taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis

Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profits will be available against which the unused tax losses can be utilised

#### **Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of net realisable value and value in use. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately

### **2. Cash flow statements and related party disclosures**

The Company is a wholly-owned subsidiary of GB Gas Holdings Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group

### **3. Turnover**

All turnover relates to the principal activity of the business and occurs wholly in the United Kingdom

# Centrica Leasing (KL) Limited

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

### 4. Operating profit / (loss)

	2012 £000	2011 £000
<b>Operating profit / (loss) is stated after charging / (crediting):</b>		
Depreciation of owned tangible fixed assets (note 11)	-	173
Exceptional operating item - impairment (note 11)	-	5,847
Loan waiver from GB Gas Holdings Limited	(6,222)	-
<b>Services provided by the Company's auditor:</b>		
Fees payable for the audit	4	4

Auditors' remuneration totalling £4,000 (2011 £3,800 borne by Centrica plc) relates to fees for the audit of the UK GAAP statutory financial statements of Centrica Leasing (KL) Limited

On 31 December 2012 as part of an internal reorganisation by the ultimate parent company, a loan from GB Gas Holdings Limited to Centrica Leasing (KL) Limited was waived in order to create a distributable reserves position

### 5. Result on disposal of an operation

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, GB Gas Holdings Limited, for a fixed intercompany receivable of £522,000. The assets of the Company on the date of transfer were £522,000. There is no profit/loss on disposal.

### 6. Directors' emoluments

The emoluments 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.

### 7. Employee information

The Company has no direct employees (2011 nil)

### 8. Interest receivable and similar income

	2012 £000	2011 £000
Finance lease interest receivable	27	33

# Centrica Leasing (KL) Limited

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

### 9. Interest payable and similar charges

	2012 £000	2011 £000
Loan interest payable	388	393

### 10. Tax on profit / (loss) on ordinary activities

	2012 £000	2011 £000
<b>(a) Analysis of tax credit in the year</b>		
<b>Current tax:</b>		
UK corporation tax at 24.5% (2011: 26.5%)	-	-
<b>Deferred tax:</b>		
Effect of change to deferred tax rate	-	5
Origination and reversal of timing differences	-	(50)
<b>Tax on profit / (loss) on ordinary activities</b>	-	(45)

#### (b) Factors affecting the tax credit for the year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit / (loss) before tax are as follows

	2012 £000	2011 £000
<b>Profit / (loss) on ordinary activities before tax</b>	6,306	(5,931)
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 24.5% (2011: 26.5%)	1,545	(1,572)
Effects of		
Expenses not deductible for tax purposes	-	1,487
Capital allowances in excess of depreciation	(9)	95
Group relief for nil consideration	(12)	(11)
Income not subject to tax	(1,524)	-
<b>Current tax charge for the year</b>	-	-

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% by 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 as there is no deferred tax balance.

# Centrica Leasing (KL) Limited

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

### 11. Tangible assets

	Freehold land £000	Power station assets £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2012	4,208	2,337	6,545
Disposals to Group undertakings	(4,208)	(2,337)	(6,545)
<b>At 31 December 2012</b>	-	-	-
<b>Accumulated depreciation</b>			
At 1 January 2012	4,208	2,337	6,545
Charge for the year	-	-	-
Disposals to Group undertakings	(4,208)	(2,337)	(6,545)
<b>At 31 December 2012</b>	-	-	-
<b>Net book amount</b>			
<b>At 31 December 2012</b>	-	-	-
At 31 December 2011	-	-	-

In 2011, following a review of the value in use of the power station asset, an impairment charge of £5,847,000 was made

The cost of assets acquired during 2007 for onwards finance leasing was £76,454,976. However a sub-participation arrangement was entered into with another Group company over 99% of the finance lease receivables resulting in these amounts being derecognised.

### 12. Debtors – amounts falling due within one year

	2012 £000	2011 £000
Net investment in intra-Group finance leases	-	100
Amounts owed by Group undertakings	-	51
	-	151

The amounts receivable from Group undertakings are interest-free. All amounts receivable from Group undertakings are unsecured and repayable on demand.

# Centrica Leasing (KL) Limited

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

### 13. Debtors – amounts falling due after more than one year

	2012 £000	2011 £000
Net investment in intra-Group finance leases	-	327
<b>(a) Net investment in finance leases</b>	<b>2012 £000</b>	<b>2011 £000</b>
Total amounts receivable	-	516
Less Interest allocated to future years	-	(89)
	-	427
Debtors - amounts falling due within one year	-	100
Debtors - amounts falling due after more than one year	-	327

### 14. Creditors – amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to Group undertakings	-	110

Amounts owed to Group undertakings are unsecured, subject to interest rates ranging from 5.54% to 6.44% and repayable over terms of 7.5 years and 20 years

### 15. Creditors – amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed to Group undertakings	-	6,872

Amounts owed to Group undertakings are unsecured, subject to interest rates ranging from 5.54% to 6.44% and repayable over terms of 7.5 years and 20 years

<b>Maturity of financial liabilities</b>	<b>2012 £000</b>	<b>2011 £000</b>
Less than one year	-	110
Between one and five years	-	281
Over five years	-	6,591
	-	6,982

# Centrica Leasing (KL) Limited

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

### 16. Provisions for liabilities

#### Deferred taxation

	As at 1 January 2012 £000	Profit and loss (credit) £000	As at 31 December 2012 £000
Deferred corporation tax			
- accelerated capital allowances	-	-	-
	-	-	-

Deferred corporation tax provision at 23% (2011 25%) is analysed as follows

	Provided 2012 £000	2011 £000	Unprovided 2012 £000	2011 £000
Deferred corporation tax				
- accelerated capital allowances	-	-	-	48
	-	-	-	48

### 17. Called up share capital

	2012 £	2011 £
Allotted and fully paid:		
2 (2011 2) ordinary shares of £1 each	2	2

## **Centrica Leasing (KL) Limited**

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

#### **18. Profit and loss account**

	<b>2012</b> <b>£000</b>
At 1 January	(6,306)
Profit for the financial year	<u>6,306</u>
At 31 December	<u><u>-</u></u>

#### **19. Reconciliation of movements in shareholders' funds / (deficit)**

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Profit / (loss) for the financial year	<b>6,306</b>	(5,886)
Opening shareholders' deficit	<u>(6,306)</u>	<u>(420)</u>
Closing shareholders' funds / (deficit)	<u><u>-</u></u>	<u><u>(6,306)</u></u>

#### **20. Going concern**

The Directors believe that preparing the account on the going concern basis is appropriate due to the continued financial support of the ultimate parent company (Centrica plc). The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after these financial statements are signed.

#### **21. Ultimate parent undertaking**

On the 31 December 2012, as part of an internal reorganisation, Centrica Leasing (KL) Limited was purchased by GB Gas Holdings 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 financial statements. Copies of the Centrica plc consolidated financial statements may be obtained from [www.centrica.com](http://www.centrica.com).