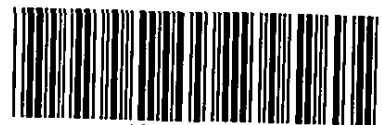


Registered Number: 04910816

Centrica Leasing (KL) Limited

**Annual report and Financial Statements
For the year ended 31 December 2011**

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Centrica Leasing (KL) Limited

Annual report and Financial Statements for the year ended 31 December 2011

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Centrica Leasing (KL) Limited

Directors' report for the year ended 31 December 2011

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

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

Business review

Centrica Leasing (KL) Limited is a wholly-owned subsidiary of Centrica KL Limited

The Company's principal source of income continues to be lease rentals on an intra-group operating lease

Following a review of the value in use of the Kings Lynn power station asset, an impairment of £5,847,000 was made (2010 £nil)

Future developments

There are no plans to change the nature of activities in the foreseeable future. A similar trading profile to 2011 is expected in the coming 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 36-40 of the 2011 annual report and accounts 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 12-13 of the 2011 annual report and accounts of the Group which does not form part of this report

Results and dividends

The results of the Company are set out on page 4

The loss on ordinary activities after taxation for the year ended 31 December 2011 is £5,886,000 (2010 loss of £120,000). No dividends were paid or declared on the ordinary shares for the year ended 31 December 2011 (2010 £nil). The Directors do not recommend the payment of a final dividend (2010 £nil)

Financial position

The financial position of the Company is presented in the balance sheet on page 5. The shareholders' deficit at 31 December 2011 was £6,306,000 (2010 deficit of £420,000)

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

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

Centrica Leasing (KL) Limited

Directors' report for the year ended 31 December 2011 (continued)

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 and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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 30 August 2012.



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 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss 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.



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
30 August 2012

Centrica Leasing (KL) Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover	3	449	420
Cost of sales		(173)	(173)
Gross profit		276	247
Administrative expenses including exceptional items		(5,847)	-
Operating profit before exceptional items		276	247
Exceptional operating item - impairment	4	(5,847)	-
Operating (loss) / profit	4	(5,571)	247
Interest receivable and similar income	7	33	39
Interest payable and similar charges	8	(393)	(398)
Loss on ordinary activities before taxation		(5,931)	(112)
Tax on loss on ordinary activities	9	45	(8)
Loss for the financial year	17	(5,886)	(120)

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

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

The notes on pages 6 to 13 form part of these financial statements

All results relate to continuing operations

Centrica Leasing (KL) Limited

Balance sheet as at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	10	-	6,020
Current assets			
Debtors - amounts falling due within one year	11	151	106
Debtors - amounts falling due after more than one year	12	327	426
Cash at bank and in hand		<u>198</u>	<u>149</u>
		676	681
Creditors - amounts falling due within one year	13	<u>(110)</u>	<u>(105)</u>
Net current assets		566	576
Total assets less current liabilities		566	6,596
Creditors - amounts falling due after more than one year	14	(6,872)	(6,971)
Provisions for liabilities	15	-	(45)
Net liabilities		<u>(6,306)</u>	<u>(420)</u>
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	<u>(6,306)</u>	<u>(420)</u>
Total shareholders' deficit	18	<u>(6,306)</u>	<u>(420)</u>

The notes on pages 6 to 13 form part of these financial statements

The financial statements on pages 4 to 13 were approved and authorised for issue by the Board of Directors on 30 August 2012 and were signed on its behalf by


Thomas Hinton
 Director

Centrica Leasing (KL) Limited

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

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 the Company's immediate parent undertaking, 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 2011 (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 fair value less costs to sell 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 Centrica KL 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 2011 (continued)

4. Operating (loss) / profit

	2011 £000	2010 £000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets (note 10)	173	173
Exceptional operating item - impairment (note 10)	5,847	-
Services provided by the Company's auditor.		
Fees payable for the audit	4	-

Auditors' remuneration totalling £3,800 (2010 £4,000 borne by Centrica plc) relates to fees for the audit of the UK GAAP statutory accounts of Centrica Leasing (KL) Limited 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 Centrica Leasing (KL) Limited

5. 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

6. Employee information

The Company has no direct employees (2010 nil)

7. Interest receivable and similar income

	2011 £000	2010 £000
Finance lease interest receivable	33	39

8. Interest payable and similar charges

	2011 £000	2010 £000
Loan interest payable	393	398

Centrica Leasing (KL) Limited

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

9. Tax on loss on ordinary activities

	2011 £000	2010 £000
(a) Analysis of tax charge in the period		
Current tax:		
UK corporation tax at 26.5% (2010: 28%)	-	-
Deferred tax:		
Effect of change to deferred tax rate	5	(2)
Origination and reversal of timing differences	(50)	10
Tax on loss on ordinary activities	(45)	8

(b) Factors affecting the tax charge for the period

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

	2011 £000	2010 £000
Loss on ordinary activities before tax	(5,931)	(112)
Tax on loss on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	(1,572)	(32)
Effects of		
Expenses not deductible for tax purposes	1,487	42
Capital allowances in excess of depreciation	95	(10)
Group relief for nil consideration	(11)	1
UK UK transfer pricing adjustment	-	(1)
Current tax charge for the year	-	-

A number of changes to the UK corporation tax system were announced in the March 2011 and the March 2012 Budget Statements. The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. Beyond the reduction to 25%, the changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements. The impact of these proposed further reductions on the deferred tax balances will be £nil as a deferred tax asset has not been recognised in the accounts due to the uncertainty surrounding Centrica KL Limited's trading status and it being held in 'limited preservation' pending future economic considerations.

Centrica Leasing (KL) Limited

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

10. Tangible assets

	Freehold land £000	Power station assets £000	Total £000
Cost or valuation			
At 1 January 2011 and 31 December 2011	<u>4,208</u>	<u>2,337</u>	<u>6,545</u>
Accumulated depreciation			
At 1 January 2011	-	525	525
Charge for the year	-	173	173
Impairment charge	<u>4,208</u>	<u>1,639</u>	<u>5,847</u>
At 31 December 2011	<u>4,208</u>	<u>2,337</u>	<u>6,545</u>
Net book amount			
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2010	<u>4,208</u>	<u>1,812</u>	<u>6,020</u>

Following a review of the value in use of the power station asset, an impairment charge of £5,857,000 has been 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.

11. Debtors – amounts falling due within one year

	2011 £000	2010 £000
Net investment in intra-Group finance leases	100	94
Amounts owed by Group undertakings	<u>51</u>	<u>12</u>
	<u>151</u>	<u>106</u>

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 2011 (continued)

12. Debtors – amounts falling due after more than one year

	2011 £000	2010 £000
Net investment in intra-Group finance leases	<u>327</u>	<u>426</u>
(b) Net investment in finance leases	2011 £000	2010 £000
Total amounts receivable	516	642
Less Interest allocated to future periods	<u>(89)</u>	<u>(122)</u>
	<u>427</u>	<u>520</u>
Debtors - amounts falling due within one year	100	94
Debtors - amounts falling due after more than one year	327	426

13. Creditors – amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to Group undertakings	<u>110</u>	<u>105</u>

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

14. Creditors – amounts falling due after more than one year

	2011 £000	2010 £000
Amounts owed to Group undertakings	<u>6,872</u>	<u>6,971</u>

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

Maturity of financial liabilities	2011 £000	2010 £000
Less than one year	110	105
Between one and five years	281	377
Over five years	<u>6,591</u>	<u>6,594</u>
	<u>6,982</u>	<u>7,076</u>

Centrica Leasing (KL) Limited

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

15. Provisions for liabilities

	Deferred taxation £000	Total £000
At 1 January 2011	45	45
Charged to the profit and loss account	(45)	(45)
At 31 December 2011	-	-

Deferred taxation

	As at 1 January 2011 £000	Profit and loss charge/(credit) £000	As at 31 December 2011 £000
Deferred corporation tax			
- accelerated capital allowances	45	(45)	-
	45	(45)	-

Deferred corporation tax provision / (asset) at 25% (2010 27%) is analysed as follows

	Provided		Unprovided	
	This period £000	Last period £000	This period £000	Last period £000
Deferred corporation tax				
- accelerated capital allowances	-	45	48	-
	-	45	48	-

Centrica Leasing (KL) Limited

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

16. Called up share capital

	2011	2010
	£	£
Allotted and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

17. Profit and loss account

	2011
	£000
At 1 January 2011	(420)
Loss for the financial year	<u>(5,886)</u>
At 31 December 2011	<u>(6,306)</u>

18. Reconciliation of movements in shareholders' deficit

	2011	2010
	£000	£000
Loss for the financial year	(5,886)	(120)
Opening shareholders' deficit	<u>(420)</u>	<u>(300)</u>
Closing shareholders' deficit	<u>(6,306)</u>	<u>(420)</u>

19. 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.

20. Ultimate parent undertaking

The Company's immediate parent undertaking is Centrica KL Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking and 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.