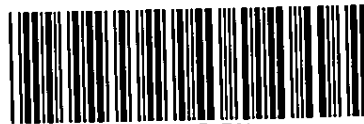


Centrica Electric Limited

Annual report  
For the year ended 31 December 2007

Registered Number: 3275458

FRIDAY



\*AP18F4F6\*

A65

31/10/2008

279

COMPANIES HOUSE

# **Centrica Electric Limited**

## **Annual report for the year ended 31 December 2007**

### **Contents**

Directors' report for the year ended 31 December 2007	1
Independent auditors' report to the members of Centrica Electric Limited	4
Profit and loss account for the year ended 31 December 2007	5
Balance sheet as at 31 December 2007	6
Notes to the financial statements for the year ended 31 December 2007	7

# **Centrica Electric Limited**

## **Directors' report for the year ended 31 December 2007**

The directors present their report and the audited financial statements of Centrica Electric Limited ("the company") for the year ended 31 December 2007

### **Principal activities**

The company's principal activity during the year was that of a holding company

### **Business review**

There are no plans to change the nature of activity in the foreseeable future

### **Financial results**

The results of the company are set out on page 5

During the year the company made a profit of £252,000 (2006 £235,000)

### **Dividends**

No dividends were paid on the ordinary shares for the year ended 31 December 2007 (2006 £nil)

### **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 to the group are set out on pages 25-27 of the Annual Report and Accounts of the group, which does not form part of this report

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

### **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 14 of the Annual Report and Accounts of the group which does not form part of this report

### **Future developments**

There are no plans to change the nature of activities in the foreseeable future. A similar trading profile to 2007 is expected in the coming year

The directors who held office during the year are given below

Centrica Directors Limited

At no time during the year ended 31 December 2007, did any director have any interests in the shares of the company or any other company within the group, except for interests in and options over the shares of the ultimate parent company, Centrica plc

There were no contracts of significance during or at the end of the financial year to which the company or any subsidiary and associated undertakings is a party and in which any director is or was materially interested

# **Centrica Electric Limited**

## **Directors' report for the year ended 31 December 2007 (continued)**

### **Related party transactions**

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. There have been no other disclosable related party transactions during the year (2006 Nil)

### **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

### **Political and charitable donations**

The company made no political or charitable donations during the year (2006 £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.

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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, in which case there should be supporting assumptions or qualifications as necessary

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for

# **Centrica Electric Limited**

## **Directors' report for the year ended 31 December 2007 (continued)**

safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **Statement of disclosure of information to auditors**

In accordance with Section 234ZA(2), in the case of each director in office at the date the directors' report is approved, that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **Auditors**

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to reappoint auditors annually, and PricewaterhouseCoopers LLP will therefore continue in office

This report was approved by the Board on 30 October 2008



For and on behalf of  
Centrica Secretaries Limited  
**Company Secretary**

Registered office

Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# Centrica Electric Limited

## Independent auditors' report to the members of Centrica Electric Limited

We have audited the financial statements of Centrica Electric Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

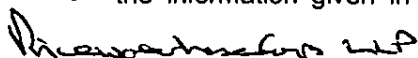
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Hull

31 October 2008

## Centrica Electric Limited

### Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover		-	-
Cost of sales		-	-
Operating profit	3	-	-
Other income	6	252	235
Profit on ordinary activities before taxation		252	235
Tax on profit on ordinary activities	7	-	-
Profit for the financial year	11	252	235

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

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

All activities relate to continuing operations

# Centrica Electric Limited

## Balance sheet as at 31 December 2007

		2007	2006
	Note	£'000	£'000
<b>Fixed assets</b>			
Investments	8	2,466	2,466
<b>Current assets</b>			
Debtors	9	827	575
<b>Net current assets</b>		827	575
<b>Net assets</b>		3,293	3,041
<b>Capital and reserves</b>			
Called-up share capital	10	-	-
Profit and loss reserve	11	827	575
Other reserves	11	2,466	2,466
<b>Total shareholders' funds</b>	12	3,293	3,041

The financial statements on pages 5 to 10 were approved by the Board of Directors on 30 October 2008 and were signed on its behalf by

  
Centrica Directors Limited  
Director



# **Centrica Electric Limited**

## **Notes to the financial statements for the year ended 31 December 2007**

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

#### **Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the applicable United Kingdom Accounting Standards and the Companies Act 1985. The principal accounting policies are set out below.

#### **Investments**

Fixed asset investments are shown at fair value on inception less any provision for impairment.

#### **Dividends**

Irredeemable preferential dividends received are recognised as other income in the Profit and Loss account when they become payable.

#### **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 losses 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.

### **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 "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 Operating Profit**

Any incidental expenses and auditors' remuneration are borne by the parent undertaking.

# Centrica Electric Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 4 Directors' emoluments

The directors received no emoluments during the year as they are employed by other Centrica group companies (2006 £Nil)

### 5 Employee information

The Company had no direct employees in both periods

### 6 Other income

	2007 £'000	2006 £'000
Preference share dividends received	252	235

Preference dividends are receivable from Centrica Barry Ltd

### 7 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
<b>Current tax.</b>		
UK corporation tax on the profits of the period	-	-
<b>Total tax charge on profit on ordinary activities</b>	-	-

The tax assessed for the year differs from that calculated at the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £'000	2006 £'000
<b>Profit on ordinary activities before tax</b>	<b>252</b>	<b>235</b>
Profit on ordinary activities multiplied by standard rate in the UK of 30% (2006 30%)	76	71
Effects of		
Income not subject to tax	(76)	(71)
Group relief for nil consideration	(13)	(6)
UK UK transfer pricing adjustment	13	6
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

# Centrica Electric Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 8 Fixed asset investments

	2007 £'000	2006 £'000
Cost or fair value		
At 1 January and 31 December 2007	2,466	2,466

The investment represents 100% of the issued irredeemable £0.01 preference share capital of Centrica Barry Limited (CBL). The shares were received for nil consideration and hence have been recognised at fair value on inception, being the present value of future dividends receivable as at date of issue. GB Gas Holdings Ltd, the Company's immediate parent undertaking, owns 100% of the issued ordinary share capital of CBL.

The CBL preference shares confer upon the holders the right in priority to any payment by way of dividend to receive a cumulative preferential dividend at the rate of 12 month LIBOR plus 4.72% per annum.

### 9 Debtors

	2007 £'000	2006 £'000
Amounts owed by fellow group undertakings	827	575

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 10 Called-up share capital

	2007 £	2006 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Issued, allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

# Centrica Electric Limited

## Notes to the financial statements for the year ended 31 December 2007(continued)

### 11 Reserves

	Profit and Loss Account £'000	Other Reserve £'000
At 1 January 2007	575	2,466
Retained profit for the year	252	-
<b>At 31 December 2007</b>	<b>827</b>	<b>2,466</b>

Other reserves comprise an unrealised gain on shares acquired in Centrica Barry Limited (see note 8)

### 12 Reconciliation of movements in shareholders' funds

	£'000
Profit for the financial year	252
Opening shareholders' funds at 1 January 2007	3,041
<b>Closing shareholders' funds at 31 December 2007</b>	<b>3,293</b>

### 13 Ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited

The ultimate parent undertaking and controlling party is Centrica plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Centrica plc consolidated financial statements can be obtained from the Company Secretary at Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD