

**Company Registration No. 01026007**

**British Gas Social Housing Limited**

**Report and Financial Statements for the year ended**

**31 December 2012**

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# **British Gas Social Housing Limited**

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

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# **British Gas Social Housing Limited**

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

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The Directors present their report and the audited financial statements of British Gas Social Housing Limited ('the Company') for the year ended 31 December 2012. The comparative period was the nine-month period ended 31 December 2011 ('prior period'), in order to align the accounting reference date of the Company with that of Centrica plc, the ultimate parent undertaking.

### **Principal activities**

The principal activities of the Company are the servicing and repair of heating installations.

### **Business review**

The acquisition of the Company in the prior period positioned British Gas with significant presence and credibility in the social housing market sector. This continues to be served through the P H Jones brand, which has a strong reputation in the sector. Following acquisition, the Company has undergone significant restructuring to introduce best practice and lift levels of safety and business management to meet Centrica standards. On acquisition the lost time injury rate was 1.74 hours per 100,000 hours worked, this was reduced to 0.53 hours per 100,000 hours worked in December 2012 and continues to improve further. Operations in the installations sector have returned to profitability at a market-competitive price point, and the Company's share of the market continues to grow. The performance turnaround in the maintenance sector is proving more challenging and continues to deliver an operating loss in accordance with strategic plan expectations. The Company continues to be supported by British Gas and is delivering on its strategic objectives. In due course this will deliver an operational return with professional safety and management standards.

In the current year, the acquisition Balance Sheet has been reviewed in accordance with Centrica standards resulting in a conclusion that debtors, prepayments and accrued income and tangible assets on acquisition were overvalued by £1,549,000. This led to an exceptional cost in the current year of £1,549,000 (note 3).

### **Future developments**

The Company continues to improve its operations in order to achieve the quality standards of Centrica plc, the ultimate parent undertaking, and to adapt to meet the broader strategic plan objectives. With profitable product lines the company will drive growth in the installations sectors, in both gas and non-gas, as well as developing a number of strategic models to define the benefits to the core British Gas business activity of this low-cost business model.

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

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Centrica plc ('the Group'). Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 44-50 of the 2012 Annual Report and Accounts of the Group, which does not form part of this Report (note 24).

A large proportion of the Company's business involves working with gas and electricity in commercial premises, with this in mind, health and safety and regulatory issues are the two main areas of non-financial risk upon which the Company focuses.

To mitigate these risks, the health and safety team provides regular training and support to enable staff to keep up-to-date with best practice and also to ensure that the Company has sufficiently robust systems and procedures that are continuously reviewed.

All engineers are accredited to the regulatory bodies that their work requires and are suitably qualified for any work that they undertake, for example, gas engineers are Gas Safe-registered and also undertake specific training for specialist work. Regular training is also provided to maintain current qualifications. A proportion of engineers' work is also audited by independently-qualified consultants to ensure that it is of an acceptable standard, any issues are addressed with the engineers through the Company's internal procedures.

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 Social Housing Limited

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

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Exposure to counterparty credit risk and liquidity risk arises in the normal course of the Company's business and is managed within parameters set by the Directors

### Principal risks and uncertainties and financial risk management (continued)

Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Exposure to credit risk is limited predominantly to exposures with other Group companies or exposure to credit risk which arises in the normal course of operations as a result of the potential for a customer defaulting on its payable balance. In the case of business customers, credit risk is managed by checking a company's creditworthiness and financial strength both before commencing trade and during a business relationship. An ageing of receivables is monitored and used to manage the exposure to credit risk.

Cash forecasts identifying liquidity requirements of the Company are produced and reviewed periodically to ensure there is sufficient financial headroom for at least a twelve month period from the date of approval of these financial statements.

### Key performance indicators ('KPIs')

The Directors of the Company use a number of KPIs to monitor progress against the Group's strategy. The development and performance of the Group, which includes the Company, are discussed on pages 18 and 19 of the Centrica plc 2012 Annual Report and Accounts, which does not form part of this Report (note 24).

### Results and dividends

The results of the Company are set out on page 7.

The loss on ordinary activities after taxation for the year ended 31 December 2012 was £5,284,000 (prior period profit of £1,957,000).

The Company did not pay a dividend during the year (prior period £10,000). The Directors do not propose to pay a final dividend.

### Financial position

The financial position of the Company is presented in the Balance Sheet on page 8. The total shareholders' funds at 31 December 2012 were £6,176,000 (31 December 2011 £11,460,000).

### Going concern

The Directors believe that preparing the financial statements 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.

### Directors

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

Gab Barbaro	(appointed 18 January 2012)
Kenneth Michael Anidjar Main	(appointed 9 February 2012)
Anne Elizabeth Bassis	(resigned 18 January 2012)
Nevin John Truesdale	(resigned 9 February 2012)
Gearoid Martin Lane	(resigned 30 October 2012)

### Directors' and officers' liability

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

# **British Gas Social Housing Limited**

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

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### **Creditor payment policy**

It is the Company's policy to pay all of its creditors in accordance with the policies set out below

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

The number of days' purchases outstanding as at 31 December 2012 was 54 days (31 December 2011 71 days)

### **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 elected to prepare 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 value of the state of affairs of the Company and of the profit or loss of the Company for that year. 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.

### **Employment policies**

The Company is committed to regular communication and consultation with employees through briefings, meetings, e-mails, annual roadshows with senior management and internal magazines. The Company aims to create an environment in which employees are fully engaged with the business objectives.

The Group, to which the Company belongs, 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. If employees become disabled while in employment, the Company offers, whenever possible, appropriate support, retraining, equipment and facilities to enable their employment to continue.

During the year, the Group continued to build a strong safety culture, embedding safe behaviours and making sure that each of our businesses had the right systems in place to manage and address safety risks. In the year, it provided the necessary support and training framework for its top managers to help them understand the changes expected and their leadership role in achieving them. This extended to managers within the Company.

The Company's business principles and policies set out standards of behaviour expected of its employees in conducting business in an ethical way and, since its acquisition by the Group, specific business ethics training has been rolled out to managers within the Company.

# **British Gas Social Housing Limited**

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

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### **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

### **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 9 August 2013



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

Company registered in England and Wales Registration No 01026007

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

# **British Gas Social Housing Limited**

## **Independent Auditors' Report to the members of British Gas Social Housing Limited**

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We have audited the financial statements of British Gas Social Housing 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 Directors' 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 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.

## **British Gas Social Housing Limited**

### **Independent Auditors' Report to the members of British Gas Social Housing Limited (continued)**

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#### **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

9 August 2013



# British Gas Social Housing Limited

## Profit and Loss Account for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £000	Continuing operations	Discontinued operations	
			Period ended 31 December 2011 (Restated) (Restated) (Restated) £000 £000 £000		
<b>Turnover</b>	2	<b>60,402</b>	40,911	4,565	45,476
<b>Cost of sales</b>		<b>(50,663)</b>	( 32,238)	( 4,181)	(36,419)
<b>Gross profit</b>		<b>9,739</b>	8,673	384	9,057
Administrative expenses before exceptional items		(13,368)	(8,271)	(2,537)	(10,808)
Administrative expenses - exceptional items	3	(1,549)	4,524	(1,135)	3,389
Administrative expenses		(14,917)	(3,747)	(3,672)	(7,419)
<b>Operating (loss) / profit</b>	4	<b>(5,178)</b>	4,926	(3,288)	1,638
Interest payable and similar charges	6	(96)			(80)
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(5,274)</b>			1,558
Tax on (loss) / profit on ordinary activities	7	(10)			399
<b>(Loss) / profit for the financial year / period</b>	17	<b>(5,284)</b>			1,957

The prior period comparative has been restated (note 4)

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

There have been no recognised gains or losses during the year / period other than those shown in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

The activities relate to continuing operations (prior period continuing and discontinued operations as shown above)

The notes on pages 9 to 21 form part of these financial statements

# British Gas Social Housing Limited

## Balance Sheet as at 31 December 2012

	Note	2012 £000	2011 £000
<b>Fixed assets</b>			
Intangible assets	9	-	-
Tangible assets	10	<u>385</u>	<u>812</u>
		385	812
<b>Current assets</b>			
Stocks	11	383	409
Debtors	12	28,879	25,810
Cash at bank and in hand		<u>2,693</u>	<u>-</u>
		31,955	26,219
Creditors Amounts falling due within one year	13	<u>(21,164)</u>	<u>(10,571)</u>
<b>Net current assets</b>		<u>10,791</u>	<u>15,648</u>
<b>Total assets less current liabilities</b>		11,176	16,460
Creditors Amounts falling due after more than one year	14	<u>(5,000)</u>	<u>(5,000)</u>
<b>Net assets</b>		<u><u>6,176</u></u>	<u><u>11,460</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account	17	6,176	11,460
<b>Total shareholders' funds</b>	18	<u><u>6,176</u></u>	<u><u>11,460</u></u>

The financial statements on pages 7 to 21 were approved and authorised for issue by the Board of Directors on 9 August 2013 and were signed on its behalf by



**Kenneth Main**  
Director

Company Registration No 01026007

The notes on pages 9 to 21 form part of these financial statements

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012

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### 1. Principal accounting policies

#### Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with United Kingdom Accounting Standards and the Companies Act 2006. The principal accounting policies are set out below. The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

The current period is the year ended 31 December 2012. The prior period, being the comparative period, is the nine-month period ended 31 December 2011.

The Company is a wholly-owned subsidiary undertaking of P H Jones Group Limited, which is a wholly-owned subsidiary undertaking whose ultimate parent undertaking is Centrica plc. The Company has taken advantage of the exemptions within FRS 1 'Cash flow statements' (revised 1996) from presenting a cash flow statement and within FRS 8 'Related party disclosures' from disclosing transactions with other wholly-owned Group undertakings.

The Directors believe that preparing the financial statements 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.

#### Turnover

Turnover is stated net of VAT and discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of consideration due.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of each asset down to its estimated residual value over its expected useful life, as follows:

	From 1 January 2012	Period ended 31 December 2011
Leasehold improvements	5 years straight-line	10%-50% reducing balance
Plant and equipment	5 years straight-line	10%-50% reducing balance
Fixtures and fittings	5 years straight-line	10%-50% reducing balance
Computer equipment	3 years straight-line	3 years straight-line
Motor vehicles	5 years straight-line	25% reducing balance

#### Stocks

Stocks are stated at the lower of cost and net realisable value.

# **British Gas Social Housing Limited**

## **Notes to the Financial Statements for the year ended 31 December 2012 (continued)**

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### **1. Principal accounting policies (continued)**

#### **Taxation**

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the 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 that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are recognised only to the extent that the Directors consider the asset can be recovered with reasonable certainty

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

#### **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

#### **Leases**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. Assets acquired under hire purchase contracts are depreciated over their useful lives

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis

### **2. Turnover**

The Company's turnover was all derived from its principal activities. All sales were made in the United Kingdom

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

### 3. Exceptional items

	Year ended 31 December 2012 £000	Period ended 31 December 2011 £000
In the current year, the acquisition Balance Sheet review concluded that debtors, prepayments and accrued income and tangible assets on acquisition were overvalued as follows		
Restructuring provision	174	-
Write-off of tangible assets	107	-
Fair valuation of debtors	328	-
Adjustments to other debtors	98	-
Write-down of prepayments and accrued income	842	-
	<u>1,549</u>	<u>-</u>
Other exceptional items		
Forgiveness of intercompany loan by Group undertaking	-	(5,000)
Enterprise Management Incentives payments to managers upon acquisition of the Company's immediate parent undertaking, P H Jones Group Limited	-	476
Total exceptional items - continuing operations	<u>1,549</u>	<u>(4,524)</u>
Costs arising upon the change of ownership of the Company's immediate parent undertaking, P H Jones Group Limited		
Restructuring provision	-	205
Write-off of intangible assets	-	334
Write-down of stock	-	431
Fair valuation of debtors	-	165
Total exceptional items - discontinued operations	<u>-</u>	<u>1,135</u>
	<u>1,549</u>	<u>(3,389)</u>

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

### 4. Operating (loss) / profit

The operating (loss) / profit is stated after charging / (crediting)

	Year ended 31 December 2012 £000	Period ended 31 December 2011 £000
Depreciation of tangible fixed assets		
Owned assets	388	229
Leased assets	9	34
Loss / (profit) on disposal of tangible fixed assets	25	(16)
Operating lease rentals		
Land and buildings	433	238
Plant and equipment	2,907	2,012
Auditors' remuneration		
Statutory audit	21	81
Tax services compliance	-	1
Exceptional items (note 3)	1,549	(3,389)

Auditors' remuneration relates to fees for the audit of the UK GAAP statutory financial statements of British Gas Social Housing Limited

The Profit and Loss Account for the nine-month period ended 31 December 2011 has been restated in order to reflect a more appropriate apportionment of costs between cost of sales and administrative expenses in line with the current management of the business. The effect has been to reclassify £3,545,000 from administrative expenses to cost of sales in the comparative figures in the Profit and Loss Account on page 7

### 5. Staff costs

	Year ended 31 December 2012 Number	Period ended 31 December 2011 Number
The average monthly number of employees (including Directors)		
Administration	238	201
Technical	499	634
	737	835
Their aggregate remuneration comprised		
	Year ended 31 December 2012 £000	Period ended 31 December 2011 £000
Wages and salaries	21,004	17,990
Social security costs	2,124	1,884
Other pension costs (note 20)	218	182
	23,346	20,056

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

### 5. Staff costs (continued)

#### Directors' remuneration

The Directors' aggregate remuneration in respect of qualifying services was

	Year ended 31 December 2012 £000	Period ended 31 December 2011 £000
Emoluments	125	417
Pension contributions	51	6
	<u>176</u>	<u>423</u>

#### Highest paid Director

	Period ended 31 December 2011 £000
Emoluments	266
Pension contributions	1
	<u>267</u>

The Company is exempt from disclosing the remuneration of the highest paid Director in the year ended 31 December 2012, since the total Directors' remuneration in the year was less than £200,000

There were three Directors during the year to whom retirement benefits are accruing under defined benefit pension schemes (prior period two), and there were two Directors during the year to whom retirement benefits are accruing under a money purchase pension scheme (prior period two)

There were five Directors who received shares in Centrica plc in respect of their qualifying services under a long-term incentive scheme during the year (prior period three), and there were two Directors who exercised share options relating to Centrica plc during the year (prior period one)

### 6. Interest payable and similar charges

	Year ended 31 December 2012 £000	Period ended 31 December 2011 £000
Bank loans and overdrafts	26	72
Interest payable to Group undertakings	70	-
Finance leases and hire purchase contracts	-	8
	<u>96</u>	<u>80</u>

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

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

The tax charge / (credit) comprises

	Year ended 31 December 2012 £000	Period ended 31 December 2011 £000
<b>Current tax</b>		
UK Corporation Tax	-	-
Adjustments in respect of prior periods	-	(13)
Total current tax	-	(13)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(33)	(407)
Effect of decrease in tax rate on opening asset	43	21
Total deferred tax	10	(386)
<b>Tax on (loss) / profit on ordinary activities</b>	<b>10</b>	<b>(399)</b>

#### Factors affecting tax charge / (credit) for the year / 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) / profit before tax are as follows

	Year ended 31 December 2012 £000	Period ended 31 December 2011 £000
<b>(Loss) / profit on ordinary activities before tax</b>	<b>(5,274)</b>	<b>1,558</b>
<b>(Loss) / profit on ordinary activities at standard UK Corporation Tax rate of 24.5% (prior period 26%)</b>	<b>(1,292)</b>	<b>405</b>
Effects of		
Expenses not deductible for tax purposes	19	8
Income not taxable	-	(1,300)
Fixed asset timing differences	25	44
Group relief	1,218	742
Utilisation of timing differences	1	(6)
Adjustment in respect of prior periods	-	(13)
UK UK transfer pricing adjustments	29	(34)
Tax loss carry-forward	-	141
<b>Current tax charge / (credit) for the year / period</b>	<b>-</b>	<b>(13)</b>



# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

### 7. Tax on (loss) / profit on ordinary activities (continued)

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 enacted under Finance Act 2013 to 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 not expected to be material.

### 8. Dividends

The Company did not pay a dividend during the year (nine-month period ended 31 December 2011 £10,000). The Directors do not propose to pay a dividend for the year.

### 9. Intangible assets

	£000
<b>Cost</b>	
At 1 January and 31 December 2012	<u>126</u>
<b>Amortisation</b>	
At 1 January and 31 December 2012	<u>126</u>
<b>Net book value</b>	
At 1 January and 31 December 2012	<u>-</u>

The intangible fixed asset value relates to the purchase of the Homeserve franchise. This value was to be written off over the term of the agreement, five years, on a straight-line basis.

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

### 10. Tangible assets

	Leasehold improvements, plant and equipment, fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 January 2012	1,537	1,964	840	4,341
Impairment (note 3)	-	(107)	-	(107)
Additions	-	206	-	206
Disposals	(850)	(1,588)	(392)	(2,830)
<b>At 31 December 2012</b>	<b>687</b>	<b>475</b>	<b>448</b>	<b>1,610</b>
<b>Depreciation</b>				
At 1 January 2012	1,155	1,792	582	3,529
Charge for the year	214	20	163	397
On disposals	(799)	(1,588)	(314)	(2,701)
<b>At 31 December 2012</b>	<b>570</b>	<b>224</b>	<b>431</b>	<b>1,225</b>
<b>Net book value</b>				
<b>At 31 December 2012</b>	<b>117</b>	<b>251</b>	<b>17</b>	<b>385</b>
At 31 December 2011	382	172	258	812

The net book value of motor vehicles in the Company held under hire purchase contracts was £nil at 31 December 2012 (31 December 2011 £115,000) and the depreciation charged on these assets is shown in note 4

### 11. Stocks

	2012 £000	2011 £000
Raw materials and consumables	383	409

There was no significant difference between the replacement cost and the value disclosed for the above stocks

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

### 12. Debtors

	2012	2011
	£000	£000
Trade debtors	10,586	9,221
Amounts owed by Group undertakings	7,063	7,130
Corporation Tax	79	79
Deferred tax asset (note 15)	376	386
Other debtors	803	62
Prepayments and accrued income	9,972	8,932
	<u>28,879</u>	<u>25,810</u>

All amounts owed by Group undertakings are unsecured, interest-free and repayable on demand

### 13. Creditors: Amounts falling due within one year

	2012	2011
	£000	£000
Bank overdraft	-	430
Trade creditors	3,883	3,356
Obligations under finance leases and hire purchase contracts	-	4
Amounts owed to Group undertakings	11,464	934
Value Added Tax	156	117
Other taxation and social security costs	622	515
Accruals and deferred income	5,039	5,215
	<u>21,164</u>	<u>10,571</u>

The bank overdraft was secured by an omnibus guarantee and set-off agreement between P H Jones Group Limited and its subsidiaries, along with a debenture giving fixed or floating charges on all assets of the Company (note 21)

The obligations under finance leases were secured against the respective assets (note 10)

The amounts owed to Group undertakings include £10,237,000 (2011 £nil) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.29% and 3.51% per annum during 2012 (2011 0%). The other amounts owed to Group undertakings are interest-free. All amounts owed to Group undertakings falling due within one year are unsecured and repayable on demand.

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

### 14. Creditors: Amounts falling due after more than one year

	2012 £000	2011 £000
Loan from Group undertaking	<u>5,000</u>	<u>5,000</u>

The loan from the Group undertaking is unsecured and repayable on 30 December 2016. It bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The interest is paid semi-annually in arrears on 1 January and 1 July. The quarterly rates ranged between 3.28% and 3.51% during 2012 (2011: 0%).

### 15. Deferred taxation

	At 1 January 2012 £000	Profit and loss charge £000	At 31 December 2012 £000
Deferred corporation tax			
- accelerated capital allowances	(383)	10	(373)
- other timing differences	(3)	-	(3)
	<u>(386)</u>	<u>10</u>	<u>(376)</u>

The deferred tax asset at 23% (2011: 25%) is analysed as follows:

	Provided		Unprovided	
	2012 £000	2011 £000	2012 £000	2011 £000
Deferred corporation tax				
- accelerated capital allowances	(373)	(383)	-	-
- other timing differences	(4)	(3)	(120)	(133)
	<u>(377)</u>	<u>(386)</u>	<u>(120)</u>	<u>(133)</u>

The unrecognised deferred tax is due to uncertainty as to when the related losses will be recovered.

### 16. Called up share capital

	2012 £	2011 £
Allotted, issued and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

# British Gas Social Housing Limited

## Notes to the Financial Statements for the year ended 31 December 2012 (continued)

### 17. Profit and loss account

	£000
At 1 January 2012	11,460
Loss for the financial year	<u>(5,284)</u>
At 31 December 2012	<u>6,176</u>

### 18. Reconciliation of movements in total shareholders' funds

	Year ended 31 December 2012 £000	Period ended 31 December 2011 £000
Opening shareholders' funds	11,460	9,513
(Loss) / profit for the financial year / period	(5,284)	1,957
Dividends (note 8)	<u>-</u>	<u>(10)</u>
Closing shareholders' funds	<u>6,176</u>	<u>11,460</u>

### 19. Financial commitments

#### Capital commitments

There were no capital commitments at the end of the financial year (31 December 2011 £nil)

#### Operating lease commitments

Annual commitments under non-cancellable operating leases for the Company are as follows

	Motor vehicles		Land and buildings	
	2012 £000	2011 £000	2012 £000	2011 £000
Operating leases which expire				
Within one year	302	21	19	86
Between two and five years	822	1,864	164	109
After more than five years	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>
	<u>1,124</u>	<u>1,885</u>	<u>205</u>	<u>195</u>

# **British Gas Social Housing Limited**

## **Notes to the Financial Statements for the year ended 31 December 2012 (continued)**

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### **20. Pension costs**

The Company operates a defined contribution pension scheme for all qualifying employees, the assets of which are held separately from those of the Company in an independently-administered fund. The pension cost represents contributions payable by the Company and amounted during the year to £218,000 (prior period £182,000).

Contributions totalling £17,000 were payable to the fund at 31 December 2012 (31 December 2011 £13,000).

### **21. Contingent liabilities**

The Company has entered into a guarantee and debenture in favour of Lloyds TSB Bank plc and a cross-guarantee with certain P H Jones group undertakings in respect of amounts owed to their bankers. The Company's joint maximum liability in respect of this at 31 December 2012 was £6,500,000 (31 December 2011 £6,500,000).

### **22. Going concern**

The Directors believe that preparing the financial statements 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.

### **23. Related party transactions**

The Company has taken advantage of the exemptions from disclosing transactions with other wholly-owned Group undertakings. There were no other transactions with related parties during the year and there were no balances with related parties at 31 December 2012.

During the prior period, the Company was charged rent of £33,000 by former directors Phillip Henry and Brenda Mary Jones. There was no balance outstanding at 31 December 2011.

During the prior period, the Company provided maintenance services totalling £4,000 to former directors Phillip Henry and Brenda Mary Jones. There was no balance outstanding at 31 December 2011.

Included within the financial statements at 31 December 2011 was a balance of £19,000 owed to Vulcana Limited, a company of which Mrs P Jones, the wife of former director Christopher Simon Jones, is a director. The Company purchased training and audit services from Vulcana Limited amounting to £866,000 during the prior period.

During the prior period, the Company purchased vehicle services totalling £12,000 from Mr SR Hankey, the son of former director Donald William Hankey. A creditor of £1,000 was outstanding at 31 December 2011.

During the prior period, a loan of £250,000 from former Director Phillip Henry Jones was repaid to him.

# **British Gas Social Housing Limited**

## **Notes to the Financial Statements for the year ended 31 December 2012 (continued)**

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### **24. Ultimate parent undertaking**

The Company's immediate parent undertaking is P H Jones Group 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](http://www.centrica.com)