
Repair and Care Limited

Annual report
for the year ended 31 December 2002

Registered Number: 3667800



REPAIR AND CARE LIMITED

INDEX

	Page
Directors' report	1 – 3
Statement of Directors' responsibilities for preparing the financial statements	4
Independent Auditors' report to the shareholder of Repair and Care Limited	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 – 11

Repair and Care Limited

Directors' report

The Directors present their report and audited financial statements of Repair and Care Limited (the "Company") for the year ended 31 December 2002.

Principal activities

The principal activity of the Company is the supply of engineers to other Group companies. These engineers provide servicing, installation and repair services of electrical appliances in the private residential sector throughout Great Britain.

Financial results

For the year ended 31 December 2002 the Company reported turnover of £3.4 million (2001: £2.7 million) and an operating profit of £674,000 (2001: £535,000). The profit and loss account is set out on page 6.

As at 31 December 2002 the Company had net liabilities of £2.8 million (2001: £3.5 million). The detail on the balance sheet is on page 7.

Future developments

The Company plans to continue to provide servicing, installation and repair services to British Gas Services Limited.

Financial Support

Centrica plc, the parent undertaking, will provide financial support to the Company to ensure that it is able to meet its liabilities as they fall due, enabling it to carry on its business without a significant curtailment of operations.

Dividends and transfers to reserves

The Directors do not recommend the payment of a dividend for the period ended 31 December 2002 (2001: £ Nil).

Directors

The following served as Directors during the year:

David Philip Kendle	
Paul Bowtell	(Appointed 16 July 2002)
Chris Stern	(Resigned 16 July 2002)

Directors' interests

At no time did any director holding office at 31 December 2002 have any interest in the shares of the Company (2001: Nil) or any other company within the Centrica plc Group except for the interests in, and the options over, the shares of the ultimate parent company, Centrica plc, as set out below.

Beneficial interests in ordinary shares (i)

	As at 31 December 2002	As at 31 December 2001*
D P Kendle	46,977	3,264

- (i) The figures above include shares appropriated under the terms of the Centrica profit sharing scheme, and shares held under the Centrica share incentive plan (SIP). **

Repair and Care Limited
Directors' report (continued)

Directors' interests (continued)

Sharesave Scheme (i)

	As at 31 December 2002	Exercised during year	Granted during year	As at 31 December 2001*
D P Kendle	11,312	22,306	5,591	28,027

- (i) Options over shares in Centrica plc were granted in June 1998, December 1999 and April 2002 at an option price of 92.2, 127.8 and 177.6 pence per share respectively under an all-employee savings-related share option scheme, the Sharesave scheme.**

Executive Share Option Scheme (i)

	As at 31 December 2002	Granted	As at 31 December 2001*
D P Kendle	116,848	62,277	54,571
J P M Bowtell	91,192	-	91,192

- (i) Options were granted on 2 April 2002 at an option price of 224.8p under the terms of the Executive share option scheme.**

Long Term Incentive Scheme (i) (ii)

	As at 31 December 2002	Exercised during year	Granted during year	As at 31 December 2001*
D P Kendle	174,594	55,159	31,138	198,615
J P M Bowtell	93,168	-	-	93,168

- (i) Total allocations as at 31 December 2002 shown above include both notional allocations of shares that are subject to performance conditions and awards of shares that have reached the conclusion of the performance period but are subject to a two year retention period.
- (ii) Notional allocations of shares were made on 2 April 2002 under this scheme at a base price at allocation of 224.7 pence

The middle market price of Centrica plc ordinary share on the last day of trading of 2002 (31 December) was 171 pence. The range during the year was 239 pence (high) and 150 pence (low).

* Or as at date of appointment.

** For details of any of the above listed schemes please refer to the 2002 Annual Report for Centrica plc, copies of which can be obtained from the Company Secretary, Centrica plc.

There were no contracts of significance subsisting during or at the end of the financial period to which the Company or any of its subsidiaries and associated undertakings is a party and in which any Director is or was materially interested.

Repair and Care Limited
Directors' report (continued)

Employment policies

The Company's policies are in accordance with the Centrica Group. The Company depends on the skills and commitment of its employees in order to achieve its long term objectives. Company staff are encouraged to make the fullest possible contribution to the success of the Company.

The Company's recruitment, training and promotion policies have been developed to ensure equal opportunities for all employees regardless of gender, race or disability. Employment policies are followed which are fair and equitable, ensuring that entry into, and progression within, the Company is determined solely by the application of job criteria and personal aptitude and competence.

Employee communications

Through the use of Company newspapers, magazines, tapes, CD's and briefing sessions, the Company is committed to effective employee communications. Formal communications with trade unions take place through regular meetings between representatives from the Company and trade unions.

Directors' and officers' liability

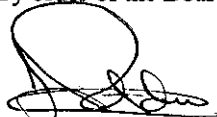
Directors' and Officers' liability insurance has been purchased by the ultimate parent company, Centrica plc.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003 PricewaterhouseCoopers resigned on 31st March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

The Company has passed an elective resolution to dispense with the need to hold Annual General meetings and the laying of accounts before them and with the need to reappoint auditors annually.

By order of the Board



Ian Ritchie
Centrica Secretaries Limited
Company Secretary
25 July 2003

Registered Office:
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

Repair and Care Limited

Statement of directors' responsibilities for preparing the financial statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of the profit or loss for that year.

The directors consider that in preparing the financial statements on pages 6 to 11, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and all accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Repair and Care Limited

Independent auditors' report to the shareholder of Repair and Care Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the principal accounting policies note.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the company's affairs at 31st December 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

5 August 2003

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

Repair and Care Limited

**Profit and Loss Account
For the year ended 31 December**

	Notes	2002 £'000	2001 £'000
Turnover	1	3,370	2,703
Operating costs	2	(2,696)	(2,168)
Profit on ordinary activities before taxation		<u>674</u>	<u>535</u>
Taxation	4	-	-
Profit for the financial year	7	<u>674</u>	<u>535</u>

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

The Company had no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses is presented.

All activities relate to continuing operations.

The notes on pages 8 to 11 form part of these accounts.

Repair and Care Limited

**Balance Sheet
As at 31 December**

	Notes	2002 £'000	2001 £'000
Creditors (amounts falling due within one year)			
Amounts owed to Group undertakings		<u>(2,778)</u>	<u>(3,403)</u>
Net current liabilities		<u>(2,778)</u>	<u>(3,403)</u>
Provisions for liabilities and charges	5	<u>(26)</u>	<u>(75)</u>
Total assets less current liabilities and net liabilities		<u>(2,804)</u>	<u>(3,478)</u>
Capital and reserves – equity interests			
Called up share capital	6	-	-
Profit and loss account	7	<u>(2,804)</u>	<u>(3,478)</u>
Total shareholder deficit	8	<u>(2,804)</u>	<u>(3,478)</u>

The accounts were approved by the Board of Directors on 25 July 2003 and were signed on its behalf by:



David Kendle
Director

The notes on pages 8 to 11 form part of these accounts.

Repair and Care Limited

Notes to the financial statements

1. Principal accounting policies

Accounting principles

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention and the Companies Act 1985.

Basis of preparation

The Company is a wholly owned subsidiary undertaking of GB Gas Holdings Limited (itself a wholly owned subsidiary undertaking of Centrica plc) and has, therefore, taken advantage of both the exemptions within Financial Reporting Standard No. 1 Revised "Cash Flow Statements" from presenting a cash flow statement and the exemptions within Financial Reporting Standards No. 8 "Related Party Disclosures" from disclosure of transactions with other group companies.

Turnover

Turnover comprises income received from other group companies for the supply of semi-skilled engineers. The Company has only one class of business and operates solely within Great Britain.

Employee share schemes

The cost of qualifying employee share schemes is accounted for using the market price at each balance sheet date, less the option price of shares being purchased. The cost of the scheme is recognised over the life of the scheme. Any changes in the cost of the schemes resulting from changes in the market price of the shares at the balance sheet dates are pro-rated over the remaining life of the scheme.

Pensions

The charge to the profit and loss account represents the amount of contributions payable to defined contribution pension schemes in respect of the accounting period.

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 that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Repair and Care Limited

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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.

2. Operating costs

The Company's operating costs, which have been charged to the profit and loss account, comprise:

	2002 £'000	2001 £'000
Employee costs (note 3b)	2,696	2,168

Auditors remuneration of £5,000 was paid by British Gas Services Limited, another group company (2001: £5,000).

3. Directors and employees

a) Directors' remuneration and interests

None of the directors received emoluments in respect of services to the Company during the year (2001: £nil).

b) Employee costs

	2002 £'000	2001 £'000
Wages and salaries	2,388	1,853
Social security costs	261	168
Qualifying employee shares trust	(49)	73
Other pension costs	96	74
	2,696	2,168

c) Average number of employees during the year

	2002 Number	2001 Number
Field Engineers	127	92
Administration and sales	-	18
	127	110

d) Pensions

As at 31 December 2002 substantially all of the Company's employees were eligible to join the Centrica Flexible Choice pension scheme. This scheme is a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounts to £96,000 (2001: £74,000). No further contributions to the fund were payable at the period end.

The Centrica Flexible Choice scheme commenced in July 1999 and replaced a previous defined contribution scheme.

Repair and Care Limited**Notes to the financial statements (continued)****4. Taxation**

	2002 £'000	2001 £'000
Total tax on ordinary activities	-	-

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 before tax is as follows:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	674	535
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2001: 30%)	202	161
Effects of: Group relief	(202)	(161)
Current tax charge for the year	-	-

Group relief was surrendered by other group companies for no consideration.

5. Provisions for liabilities and charges

	1 Jan 2002 £'000	Profit & Loss (credit) £'000	31 Dec 2002 £'000
Qualifying Employees Shares Trust	75	(49)	26

Qualifying Employee Shares Trust

The Company operates an Inland Revenue approved Sharesave Scheme which is open to all eligible employees. The scheme is designed to provide a long term savings and investment opportunity and employees can save for periods of three to five years. The provision represents the difference between the market price (as at 31 December 2002) and the option price of shares being purchased by employees through the Centrica plc Sharesave Scheme. Options outstanding over ordinary shares are exercisable at varying dates up to May 2007. Further details can be found in the 2002 Annual Report of Centrica plc.