

Centrica 22 Limited
(Previously Goldfish Financial Services Limited)

ANNUAL REPORT AND ACCOUNTS
For the Year Ended 31st December 2003



Company No. 3226387

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Centrica 22 Limited Report and Accounts for the year ended 31 December 2003

Directors' report

The directors present their report and audited accounts of Centrica 22 Limited (the name of the Company changed on 6 October 2003 from Goldfish Financial Services Limited) for the year ended 31 December 2003.

Principal activity

The principal activity of the Company is to provide business development services to Centrica financial service businesses. During 2003 costs were incurred by the company, but subsequently recharged to GF One Limited (formerly Goldfish Bank Limited) (another group company).

Financial results

The profit for the year before tax amounted to £251,000 (2002: profit £219,000). Profit after tax amounted to £251,000 (2002: profit £219,000).

Dividends

The directors do not recommend the payment of a dividend in respect of the year (2002: £Nil).

Directors

The following served as directors during the year:

	Appointed	Resigned
Ian Peters	10 May 2002	30 September 2003
Moirá Lynne Turner	10 May 2002	30 September 2003
Centrica Directors Limited	30 September 2003	

Secretary

The following served as secretary throughout the year:

Centrica Secretaries Limited	14 March 2002
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Directors' interests

At no time did any director holding office at 31 December 2003 have any interest in the shares of the Company or any other Company within the Centrica group, including the ultimate parent company Centrica plc.

There were no contracts of significance subsisting during or at the end of the financial year to which the Company is a party and in which any director is or was materially interested.

Political and charitable donations

The Company made no political or charitable donations during the year (2002: £Nil).

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 31 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as 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.

Statement of directors' responsibilities

The following statement sets out the responsibilities of the directors in relation to these accounts. The report of the auditors on page 3 sets out their responsibilities in relation to these accounts.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- * select suitable accounting policies and then apply them consistently, subject to any material departures being disclosed and explained;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, and
- * prepare the accounts on a going concern basis unless they consider that to be inappropriate.

Directors Report (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to enable the directors to ensure that the accounts comply with the United Kingdom Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company and, in that context, to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The directors are required to prepare the accounts and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

The directors consider that they have pursued the actions necessary to meet these responsibilities.

This report was approved by the Board on 10 June 2004



Robin Healy
for and on behalf of Centrica Secretaries Limited
Company Secretary
10 June 2004

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

Independent Auditors' Report to the members of Centrica 22 Limited

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

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 are 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.

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 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

10 June 2004

Profit and Loss account for the year ended 31 December

		<u>2003</u>	<u>2002</u>
		Results for the year	Results for the year
	Notes	£000	£000
Turnover	2	17,719	13,947
Gross operating costs		<u>(17,468)</u>	<u>(13,728)</u>
Profit on ordinary activities before taxation	3	251	219
Taxation on loss on ordinary activities	5	-	-
Profit on ordinary activities after taxation for the financial year	12	251	219

All items dealt with in arriving at the results before taxation relate to discontinued operations.

There is no difference between the profit and loss account reported above and its historical cost equivalent.

The Company has no recognised gains or losses other than the results for the financial periods reported above, and, therefore, no separate statement of total recognised gains and losses is presented.


The notes on pages 6 to 9 form part of these financial statements.

Centrica 22 Limited Report and Accounts for the year ended 31 December 2003

Balance Sheet as at 31 December

		2003	2002
	Notes	£000	£000
Fixed assets			
Tangible assets	6	-	-
Current assets			
Debtors (amounts falling due within one year)	7	1,174	13,274
		1,174	13,274
Creditors (amounts falling due within one year)			
Other creditors	8	(24,097)	(36,545)
Net current liabilities		(22,923)	(23,271)
Total assets less current liabilities		(22,923)	(23,271)
Provisions for liabilities and charges	9	(309)	(212)
Net liabilities		(23,232)	(23,483)
Capital and reserves – equity interests			
Called up share capital	11	-	-
Profit and loss account	12	(23,232)	(23,483)
Shareholders' deficit	13	(23,232)	(23,483)

The financial statements on pages 4 to 9 were approved by the board of directors on 10 June 2004 and were signed on its behalf by:

Signed 
 Ian Ritchie for and behalf of Centrica Directors Limited
 Director

The notes on pages 6 to 9 form part of these financial statements.

Notes to the accounts

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 directors believe that the going concern basis is applicable for the preparation of the accounts as it is Centrica plc's present intention to continue to provide financial support to the Company.

Turnover

Turnover represents the amounts receivable for services provided and goods sold or recharged to other group companies.

Operating costs

Operating costs comprise costs incurred by the company, before being recharged where appropriate to GF One Limited (formerly Goldfish Bank Limited).

Long-term incentive schemes

The cost of potential share awards under the Group's long-term incentive schemes is charged to the profit and loss account over the period to which the performance criteria of each allocation relates. Cost is defined as the difference between the contribution receivable from employees and the market value at the date of grant, or the actual cost of shares where market purchases are made at, or around, grant date. Cost also includes National Insurance charges expected to arise at exercise dates.

Tangible assets

Tangible fixed assets are included in the balance sheet at cost, less accumulated depreciation and any provisions for impairment. Tangible fixed assets are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives. The depreciation periods for the principal categories of assets are as follows:

Equipment	3 - 5 years
Motor Vehicles	4 - 6 years

Pensions

Pensions are accounted for in accordance with SSAP24, Pension Costs. Employees of the Company are members of Centrica Staff Pension Scheme, AA Staff Pension Scheme, the Centrica Engineers Pension Scheme or the Centrica Management Pension Scheme. Each of these is a defined benefit scheme. It is not possible to identify the Company's share of the underlying assets and liabilities within these schemes, and therefore, as allowed within FRS17, for disclosure purposes these schemes have been accounted for as defined contribution schemes. Contributions to these schemes have been charged to the profit and loss account when incurred. Details of the schemes can be found in the accounts of Centrica plc.

Taxation

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.

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.

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.

Cash Flow Statement

The Company is exempt from the requirement to produce a Cashflow statement under Financial Reporting Standard 1 (revised) since it is indirectly a wholly owned subsidiary undertaking of Centrica plc which prepares consolidated accounts which are publicly available.

2 Turnover

All of the turnover arises from one class of business within the UK.

3 Profit on ordinary activities before taxation

	2003 £000	2002 £000
Operating Profit is stated after charging:		
Depreciation on tangible fixed assets	-	6
Auditors' remuneration:		
Statutory audit	7	10
Other	-	-

Notes to the accounts (continued)

4 Directors and employees

	2003	2002
	£000	£000
a) Employee costs		
Wages and salaries	7,272	4,631
Social security costs	665	418
Other pension and retirement benefits costs (see note 14)	242	496
Long Term Incentive Scheme	24	(459)
Other administration costs	9,265	8,642
Recharges to other group companies	(17,719)	(13,947)
	(251)	(219)

No employees were employed by the Company during the year (2002: Nil).

The Company acts as a payroll bureau for employees (including directors) of GF One Limited. The Company provides payroll services to employees and also pays the employees. These payments and the costs of providing this services are recharged to GF One Limited.

	2003	2002
	£000	£000
b) Directors emoluments		
Fees to directors	520	345
Other emoluments	201	441
Pension contributions	64	52
	785	838

The emoluments of the highest paid director, excluding pension contributions were £441,000 (2002: £411,268). The pension contributions made by the Company in respect of this director were £46,015 (2002: £31,715). All of these costs were recharged to GF One Limited.

5 Tax

The tax charge comprises:

	2003	2002
	£000	£000
Corporation tax at 30% (2002: 30%)	-	-
Deferred tax:		
- current year	-	-
Total tax on profit 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:

	2003	2002
	£000	£000
Profit on ordinary activities before tax	251	219
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002: 30%)	75	66
Effects of:		
Timing differences not recognised	(274)	(562)
Expenses not deductible for tax purposes	101	(11)
Group relief	98	507
Current tax charge for the period	-	-

Tax losses are surrendered for group relief purposes for nil consideration.

6 Tangible assets

	Plant equipment and vehicles £000
Cost	
As at 1 January 2003	19
Additions	658
Transfers to Group Companies	(658)
As at 31 December 2003	19
Depreciation and amortisation	
As at 1 January 2003	19
Charge for the year	-
As at 31 December 2003	19
Net book value	
As at 31 December 2003	-
As at 31 December 2002	-

Centrica 22 Limited Report and Accounts for the year ended 31 December 2003

Notes to the accounts (continued)

	2003 £000	2002 £000
7 Debtors (amounts falling due within one year)		
Amounts owed by Group undertakings (includes GF One Limited)	837	13,274
Other debtors	337	-
	1,174	13,274

	2003 £000	2002 £000
8 Other creditors (amounts due within one year)		
Amounts owed to Group undertakings	23,989	35,818
Taxation and social security	3	198
Other creditors	13	338
Accruals and deferred income	92	191
	24,097	36,545

9 Provisions for liabilities and charges

	As at 1 January 2003 £000	Profit and loss charge £000	Utilised in year £000	As at 31 December 2003 £000
Pension and other retirement benefits	212	97	-	309
Deferred corporation tax	-	-	-	-
	212	97	-	309

10 Deferred corporation tax

There is no deferred taxation to disclose (2002: Nil). As required by FRS 19, deferred tax assets are only recognised when there is persuasive and reliable evidence that the assets can be realised. Detailed operating plans covering two years from the balance sheet date are used for deferred tax asset recognition purposes. Potential deferred tax asset utilisation falling outside that planning horizon is not currently recognised on the balance sheet. As encouraged by FRS 19, deferred tax asset recognition will be regularly assessed. The unrecognised potential deferred tax asset, arising primarily from accelerated capital allowances, as at 31 December 2003 was £717,000 (2002: £898,000).

11 Called up share capital

	2003 £	2002 £
Authorised share capital of the Company		
100 Ordinary shares of £1 each	100	100
Allotted and fully paid share capital of the Company		
2 Ordinary shares of £1 each	2	2

12 Reserves

	Profit and loss account £000
As at 1 January 2003	(23,483)
Retained profit for the year	251
As at 31 December 2003	(23,232)

13 Movement in shareholders' deficit

	2003 £m	2002 £m
Shareholders' funds as at 1 January	(23,483)	(23,702)
Profit attributable to the Company	251	219
Shareholders' deficit as at 31 December	(23,232)	(23,483)

Notes to the accounts (continued)

14 Pensions

The majority of the Company's UK employees as at 31 December 2003 were members of the four main schemes in the Centrica plc Group: the Centrica Staff Pension Scheme, the AA Staff Pension Scheme, the Centrica Engineers Pension Scheme and the Centrica Management Pension Scheme.

These schemes have been treated as defined benefit schemes and their assets are held in a separate trustee administered funds. However, it is not possible on a reasonable and consistent basis to identify the Company's share of the underlying assets and liabilities within these schemes and therefore, as allowed within FRS17, these schemes have been treated for disclosure purposes as defined contribution schemes. *The aggregate contributions to the schemes during the year were £242,000 (2002:£496,902). The amount outstanding at the balance sheet date was £Nil (2002:£Nil).*

15 Related party transactions

As a wholly owned subsidiary of the Centrica group, the Company is exempt from the requirement to disclose related party transactions with other group undertakings under Financial Reporting Standard 8 which cancel on consolidation. There are no other related party transactions that require disclosure.

16 Ultimate holding Company and controlling party

The Company is a wholly owned subsidiary of Automobile Association Insurance Service Holdings Limited, a company registered in England and Wales. The ultimate holding company and controlling party at 31 December 2003 was Centrica plc, which is incorporated in England and Wales. Copies of the Centrica plc Report and Accounts can be obtained from Secretariat, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD or at www.centrica.com.