

Solar Technologies Installations Limited

Annual report and Financial Statements
For the year ended 31 December 2008

Registered Number: 4296394



Solar Technologies Installations Limited

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Solar Technologies Installations Limited

Directors' report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of Solar Technologies Installations Limited ("the Company") for the year ended 31 December 2008.

Principal activities

The principal activity of the Company is building construction with a particular focus on renewable energy design and installation.

Review of business and future developments

The Company's immediate holding company, Solar Technologies Group Limited, was acquired by GB Gas Holdings Limited on 25 September 2008 and the Company is therefore now part of the Centrica plc Group. The Company invested in additional staff and larger premises in the year to support a more than doubling in turnover compared with the prior year. The financial position of the Company is presented in the balance sheet on page 5. The shareholders' deficit as at 31 December 2008 was £514,000 (2007: restated deficit £546,000).

The profit on ordinary activities after taxation for the year ended 31 December 2008 is £32,000 (2007: restated profit of £69,000). The Directors do not recommend the payment of an ordinary dividend (2007: £nil). The 2007 results are restated due to a prior year adjustment related to dividends being recognised but not paid in 2007 (see note 18).

Principal risks and uncertainties and risk management

The principal uncertainties facing the Company are the impact of current economic conditions on growth and development of the microgeneration market and Government policy on the funding available for microgeneration projects.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Centrica plc Group ("the Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed on pages 31-34 of the 2008 Annual Report and Accounts of the Group which does not form part of this report.

Financial risk in respect of currency, interest rate and liquidity are managed by the Group's Treasury Department.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The financial results of the business are set out above.

Directors

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

	Date of Appointment	Date of Resignation
G Lane	25 September 2008	
JA Kimber	25 September 2008	
JL Hugh	25 September 2008	
T Millar	1 April 2009	
BJ Marsh		25 September 2008
LD Stickley		25 September 2008
DA Townend		25 September 2008

Political and charitable donations

The Company made no political or charitable donations during the year (2007: £nil).

Solar Technologies Installations Limited

Directors' report for the year ended 31 December 2008 (continued)

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place following acquisition on 25 September 2008. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

Statement of Directors' responsibilities

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

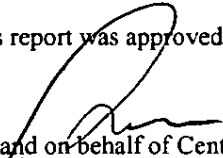
Disclosure of information to auditors

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

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the Board on 28 May 2009.



For and on behalf of Centrica Secretaries Limited
Company Secretary

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire, SL4 5GD

Solar Technologies Installations Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLAR TECHNOLOGIES INSTALLATIONS LIMITED

We have audited the financial statements of Solar Technologies Installations Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, 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 other 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. However, the previous auditor issued a disclaimer of opinion dated 15 August 2008 on the financial statements for the year ended 31 December 2007, and we have been unable to obtain sufficient evidence over the corresponding figures disclosed in the profit and loss account for the year ended 31 December 2007. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation of audit scope

Except for any adjustments that might have been found to be necessary to the corresponding figures for the year ended 31 December 2007, 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 2008 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT

28 May 2009

Solar Technologies Installations Limited

Profit and loss account

		Year ended 31 December 2008	Year ended 31 December 2007 As Restated
	Notes	£'000	£'000
Turnover	3	6,560	3,056
Cost of sales		(5,752)	(2,405)
Gross Profit		808	651
Administrative expenses		(941)	(565)
Operating (loss) / profit	4	(133)	86
Interest receivable and similar income		-	1
Interest payable and similar charges	7	(26)	(18)
(Loss) / profit on ordinary activities before taxation		(159)	69
Tax on (loss) / profit on ordinary activities	8	191	-
Profit for the financial year	15	32	69

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated and their historical cost equivalents.

All activities relate to continuing operations.

The notes on pages 7 to 17 form part of these financial statements.

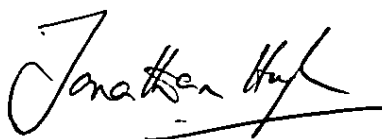
Solar Technologies Installations Limited

Balance sheet as at 31 December

	Notes	2008 £'000	2007 As Restated £'000
Fixed Assets			
Tangible assets	9	11	15
Current assets			
Stocks	10	619	118
Debtors	11	1,985	915
Cash at bank and in hand		247	169
		<u>2,851</u>	<u>1,202</u>
Creditors – amounts falling due within one year	12	<u>(3,304)</u>	<u>(1,720)</u>
Net current liabilities		<u>(453)</u>	<u>(518)</u>
Total assets less current liabilities		<u>(442)</u>	<u>(503)</u>
Provisions for liabilities and charges	13	(72)	(43)
Net liabilities		<u><u>(514)</u></u>	<u><u>(546)</u></u>
Capital and reserves			
Called-up share capital	14	50	50
Profit and loss reserve	15	(564)	(596)
Total shareholders' deficit (equity)	16	<u><u>(514)</u></u>	<u><u>(546)</u></u>

The notes on pages 7 to 17 form part of these financial statements.

The financial statements on pages 4 to 17 were approved and authorised for issue by the Board of Directors on 28 May 2009 and were signed on its behalf by:



JL Hugh
Director

Solar Technologies Installations Limited

Statement of total recognised gains and losses for the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £'000	Year ended 31 December 2007 As Restated £'000
Profit for the financial year		32	69
Total gains and losses relating to the year		<u>32</u>	<u>69</u>
Prior year adjustment (see note 18)		<u>56</u>	
Total gains and losses since last annual report		<u>88</u>	

The prior year adjustment relates to preference dividends of £56,000 that were not paid in 2007 but were recognised in the profit and loss account. In accordance with Financial Reporting Standard No 25 'Financial Instruments: Presentation' the preference shares are now recorded as a liability on the balance sheet and as the preference shares are non-cumulative no interest is payable on this liability for 2007.

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008

1 Principal accounting policies

Accounting principles

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

Going Concern

Centrica plc, the ultimate parent undertaking, will provide financial support to the Company to ensure that it is able to meet its liabilities as they fall due for the foreseeable future (i.e. at least twelve months from the date of approval of these financial statements), enabling it to carry on business without a significant curtailment of operations. Accordingly, these financial statements have been prepared on a going concern basis.

Accounting restatements

A number of prior year errors have been restated in these financial statements and are disclosed in note 18 to these financial statements.

Redeemable preference shares

In accordance with FRS 25 'Financial Instruments: Presentation' redeemable preference shares are treated as a liability and disclosed within creditors. Preference dividends payable are non-cumulative and are disclosed as interest.

Turnover

Turnover is based on invoiced values to customers for goods and services, excluding discounts and value added tax. Long term contracts are included in turnover on the basis of the sales value of work performed during the period by reference to the total contract value and stage of completion of these contracts.

Long-term contracts

The Company has long-term contracts that fall into different accounting periods. In assessing the allocation of revenues and costs to individual accounting periods, and the consequential assets and liabilities, the Company estimates the total revenues and costs forecast to arise in respect of the contract and the stage of completion based on an appropriate measure of performance. In determining the degree of contractual performance, reference is made to the costs incurred in relation to the estimated expected costs.

Profit is recognised on long-term contracts when the final outcome can be assessed with reasonable certainty by including turnover and related costs within the profit and loss account as contract activity progresses.

Full provision is made for any estimated losses to completion of contracts having regard to the overall substance of the arrangements.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost less accumulated depreciation. Depreciation is charged on all fixed assets, at rates calculated to write-off the cost of each asset on a reducing balance or straight line basis over its expected useful life as follows for these asset classes:

- | | |
|-------------------------|-------------------------|
| - Plant and machinery: | 20% on reducing balance |
| - Computers & software: | 33.3% straight line |

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets (continued)

future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Taxation

Current tax, being 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 financial statements.

A 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 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing commitments

Rentals paid under operating leases are charged on a straight line basis over the term of the lease.

Stocks

Finished goods and goods for resale are valued at the lower of cost and net realisable value on an actual basis. Cost comprises direct materials, and where applicable, direct labour costs and overhead costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Warranty reserve

A provision of 1% of the total contract sum of each project is made against potential future warranty claims and recognised in a warranty reserve included within provisions. Any warranty claims made in the period are charged against this reserve. The balance of the warranty provision for each project is subsequently released at the end of the warranty period for that project.

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Principal accounting policies (continued)

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

In addition, a small number of the Company's employees participate in the Group's defined benefit pension schemes. The Company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and therefore accounts for the schemes as if they were defined contribution schemes. The charge to the profit and loss account is equal to the contributions payable to the schemes in the accounting period, which are based on pension costs across the Group as a whole.

2 Cash flow statement

The Company is a wholly-owned subsidiary of Solar Technologies Group 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 FRS 1 'Cash Flow Statements'.

3 Segmental reporting

Turnover relates to the principal activity of the business and occurs wholly in the United Kingdom.

4 Operating (loss) / profit

	2008 £'000	2007 £'000
Operating (loss) / profit is stated after charging:		
Depreciation of tangible fixed assets	5	4
Loss on disposal of tangible fixed assets	9	-
Auditors' fees – statutory audit	13	8
Operating lease rentals	38	16
Directors' emoluments	34	37

Auditors' remuneration totalling £13,000 relates to fees for the audit of the UK GAAP statutory accounts of Solar Technologies Installations Limited and includes fees in relation to the audit of the IFRS group consolidation schedules, for the purpose of the Centrica Group audit, which also contribute to the audit of Solar Technologies Installations Limited.

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

5 Directors' emoluments

Directors' emoluments totalled £34,000 (2007: £37,000) during the year and relate to only one Director. No emoluments were paid following acquisition on 25 September 2008 as the Directors were employed by other Centrica Group companies as from this date. No recharges of emoluments are made to the Company as it is not possible accurately to apportion them and accordingly no amounts are included in the financial statements for these individuals. All Directors who served from 25 September 2008 are members of the ultimate parent company's defined benefit or defined contribution pension scheme.

6 Staff costs

	2008 £'000	2007 £'000
Wages & salaries	994	759
Social Security	69	46
Pension costs	2	-
	<u>1,065</u>	<u>805</u>
Number of employees		
Average number of employees during the year	<u>18</u>	<u>13</u>

7 Interest payable and similar charges

	2008 £'000	2007 £'000
Bank loans and overdrafts	2	2
Due on loans from group undertakings	24	16
	<u>26</u>	<u>18</u>

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Tax on (loss) / profit on ordinary activities

	2008 £'000	2007 £'000
(a) Analysis of tax charge in the period		
The tax (charge) comprises:		
Current tax:		
United Kingdom corporation tax at 28.5 % (2007: 20%)	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(191)	-
Adjustments in respect of prior years	-	-
Total tax on (loss) / profit on ordinary activities	(191)	-

(b) Factors affecting the tax charge for the period

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

	2008 £'000	2007 £'000
(Loss) / profit on ordinary activities before tax	(159)	69
Tax on (loss) / profit on ordinary activities at standard UK corporation tax rate of 28% (2007:30%)	(45)	14
Effects of:		
General inadmissible expenditure	-	1
Other timing differences	31	(15)
Depreciation in excess of capital allowances	3	-
Group relief for nil consideration	11	-
Tax charge for the period	-	-

From 1 April 2008 the standard rate of corporation tax reduced to 28%.

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

9 Tangible fixed assets

	Plant and machinery £'000	Computers £'000	Software £'000	Total £'000
Cost				
As at 1 January 2008	26	3	1	30
Additions	1	7	2	10
Disposals	(23)	-	-	(23)
As at 31 December 2008	4	10	3	17
Accumulated depreciation				
As at 1 January 2008	14	1	-	15
Charge for the year	1	3	1	5
Disposals	(14)	-	-	(14)
At 31 December 2008	1	4	1	6
Net book value				
At 31 December 2008	3	6	2	11
At 31 December 2007	12	2	1	15

10 Stocks

	2008 £'000	2007 As Restated £'000
Finished good and goods for resale	470	42
Long-term contract balances	149	76
	619	118

Long-term contract balances consist of the following:

Costs to date less provision for losses	277	86
Less: applicable payments on account	(128)	(10)
	149	76

The difference between purchase cost of stocks and their replacement cost is not material. As disclosed in note 18, long-term contract balances for 2007 have been restated from £nil in the prior year financial statements to £75,000 as this amount was incorrectly offset with creditors in the prior year financial statements.

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

11 Debtors

	2008	2007 As Restated
	£'000	£'000
Trade debtors	1,024	638
Other debtors	1	6
Prepayments	23	36
Amounts recoverable on contracts	746	235
Deferred tax	191	-
	1,985	915

All amounts are due within one year. Prepayments of £36,000 and amounts recoverable on contracts of £235,000 are restated as they were incorrectly included within 'Other debtors' in the prior year financial statements.

A deferred tax asset provision has been made in respect of accelerated depreciation and unrelieved trading losses being carried forward. As required by Financial Reporting Standard No 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. As encouraged by FRS 19, deferred tax asset recognition will be regularly assessed. Deferred corporation tax asset at 28% (2007:28%) is analysed as follows:

	Provided		Unprovided	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Deferred corporation tax				
- accelerated capital allowances	1	-	-	-
- other timing differences	190	-	-	159
	191	-	-	159

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

12 Creditors - amounts falling due within one year

	2008	2007
		As Restated
	£'000	£'000
Trade creditors	636	553
Payments on account	56	0
Other creditors	1	7
Taxation and social security	70	45
Accruals	407	118
Amounts owed to group undertakings	2,134	997
	<u>3,304</u>	<u>1,720</u>

Other creditors are restated to reclassify a £43,000 warranty provision that is now included in 'Provisions for liabilities and charges' and adjust for £56,000 of preference dividends that were incorrectly reported as payable in the prior year financial statements.

Accruals of £118,000 are restated as £43,000 was incorrectly included within 'Other creditors' in the prior year financial statements and long term contract balances of £75,000 were incorrectly offset as disclosed in note 18.

Amounts owed to group undertakings include preference shares of £697,000 (2007: £697,000). The 697,000 preference shares of £1 each were issued on 31 December 2006, are redeemable for a period of 5 years from the date of issue and pay a non-cumulative 8% dividend on their nominal value. The preference shares were recognised within equity in the prior year financial statements in error and are now restated within creditors in accordance with FRS25 'Financial Instruments: Presentation'.

The remaining amounts owed to group undertakings of £1,437,000 (2007: £300,000) are unsecured and repayable on demand and £603,000 (2007: £nil) of the balance attracts interest at 3 month LIBOR plus 50bp. Interest payable of £11,000 is also included in amounts owed to group undertakings.

The £300,000 unsecured loan in 2007 was incorrectly presented within 'Other creditors' in the prior year financial statements and is now disclosed as 'Amounts owed to group undertakings'. This loan was disclosed as secured in the prior year financial statements but was in fact unsecured.

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

13 Provisions for liabilities and charges

	Warranty Reserve £'000	Total £'000
As at 1 January 2008 (as restated)	43	43
Additional provisions made in the year	40	40
Amounts utilised in the year	(1)	(1)
Amounts reversed in the year	(10)	(10)
As at 31 December 2008	72	72

A provision of 1% has been recognised for potential warranty claims on contracts completed within the last two years. Unutilised provisions are reversed two years after completion of the project. As disclosed in note 18, the 2007 provision of £43,000 was incorrectly included within 'Other creditors' in the prior year financial statements and is restated.

14 Called-up share capital

	2008 £'000	2007 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
700,000 redeemable preference shares of £1 each	700	700
Allotted and fully paid		
50,000 ordinary share of £1 each	50	50

Preference shares of £696,770 were recognised within equity in the prior year financial statements in error and are now restated within creditors in accordance with FRS25 'Financial Instruments: Presentation'.

15 Reserves

	Profit and loss reserve £'000	Total £'000
As at 1 January 2008 (as restated)	(596)	(596)
Profit for the financial year	32	32
At 31 December 2008	(564)	(564)

The profit and loss reserve is restated to adjust for £56,000 of dividends incorrectly recorded as paid in the prior year financial statements as disclosed in note 18.

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

16 Reconciliation of movements in shareholders' deficit

	2008	2007
	£'000	As Restated £'000
Profit as previously reported		13
Prior year adjustment		56
Profit for the financial year	32	69
Opening shareholders' deficit at 1 January	(546)	(615)
Closing shareholders' deficit at 31 December	(514)	(546)

17 Operating lease commitment

The following operating lease payments are committed to be paid within one year:

	2008	2007
	£'000	£'000
Land and buildings expiring:		
Between two and five years	33	11

The lease payments for land and buildings are made on behalf of the Company by a Group undertaking and recharged to the Company at cost.

	2008	2007
	£'000	As Restated £'000
Other assets expiring:		
Between two and five years	2	2
More than five years	3	3

Lease commitments are restated to include £5,000 of lease commitments that were omitted in the prior year financial statements.

18 Prior year adjustment

In accordance with FRS25 'Financial Instruments: Presentation', the preference shares previously recorded within equity have been reclassified as a liability and included within amounts owed to group undertakings within creditors. Non-cumulative dividends of £56,000 that were not paid in 2007 but recognised in the profit and loss account have been reversed and the impact of this adjustment is reflected in the Statement of total recognised gains and losses.

In addition, long term contract balances that were incorrectly offset in the prior year financial statements are restated. This resulted in a £75,000 adjustment to long term contract balances within debtors and creditors falling due within one year.

Solar Technologies Installations Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

18 Prior year adjustment (continued)

2007 accruals and prepayment balances were incorrectly disclosed as 'Other creditors' and 'Other debtors' respectively in the prior year financial statements and are restated. The 2007 provision of £43,000 was also included within 'Other creditors' and is restated within 'Provisions for liabilities and charges'.

A loan of £300,000 was recorded within 'Other creditors' in the prior year financial statements and disclosed as secured in error. This loan was in fact unsecured and is now restated within 'Amounts owed to group undertakings'.

19 Pensions

The Company operated a defined contribution pension scheme in 2008 and in addition a small number of employees were members of two of the three main schemes in the Centrica plc Group; the Centrica Pension Scheme, the Centrica Engineers Pension Scheme and the Centrica Management Pension Scheme. Total contributions for the year were £2,000 and there were no amounts accrued or prepaid as of the year end. The Company did not operate a pension scheme in 2007.

The schemes in Centrica plc Group are defined benefit schemes and their assets are held in 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 'Retirement Benefits', these schemes have been treated as defined contribution schemes. The latest actuarial valuation of the schemes, updated for the purposes of FRS17 show a total deficit of £113 million (£83 million net of deferred tax). These pension schemes are included on a consolidated basis within the group accounts of Centrica plc as prepared under IFRS.

The liabilities under the pension schemes will be paid out over an extended period. The Company is contributing to the pension fund on the basis of actuarial advice as to the amounts required to meet these liabilities in full. This actuarial advice is based on funding valuations carried out at least triennially, the last of which was as at 31 March 2006.

20 Related party disclosures

The Company's immediate holding company, Solar Technologies Group Limited, was acquired by GB Gas Holdings on 25 September 2008 and the Company is therefore now part of the Centrica plc Group. Following acquisition the Company is a wholly owned subsidiary whose results are included in the consolidated financial statements of Centrica plc and the Company has taken advantage of the exemption from the requirement to disclose details of transactions with other Centrica plc Group companies under the terms of FRS 8 'Related Party Transactions'.

There were no other related party transactions requiring disclosure in accordance with FRS 8 'Related Party Transactions'.

21 Ultimate parent undertaking

The immediate parent undertaking is Solar Technologies Group Limited, a company registered in England and Wales.

The ultimate parent undertaking and ultimate controlling party is Centrica plc, a company registered in England and Wales which is the parent company of the smallest and largest group to consolidate their financial statements. Copies of Centrica plc consolidated financial statements may be obtained from www.centrica.com.