

Centrica Leasing (KL) Limited

Annual report
For the year ended 31 December 2008

Registered Number: 4910816

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Centrica Leasing (KL) Limited

Annual report for the year ended 31 December 2008

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Centrica Leasing (KL) Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of Centrica Leasing (KL) Limited ("the Company") for the year ended 31 December 2008.

Principal activities

The Company's principal activity during the year was the leasing of the 325MW gas fired combined cycle gas turbine generating station at Kings Lynn, Norfolk to Centrica KL Limited.

Business review

Centrica Leasing (KL) Limited is a wholly owned subsidiary of Centrica KL Limited.

The Company's principal source of income continues to be lease rentals on an intra-group operating lease.

Financial results

The results of the Company are set out on page 6.

During the year the Company made a loss on ordinary activities of £158,000 (2007: £5,000).

Dividends

No dividends were paid or declared on the ordinary shares for the year ended 31 December 2008 (2007: £nil).

Financial Position

The financial position of the Company is presented in the balance sheet on page 7. The shareholders' deficit at 31 December 2008 was £163,000 (2007: £5,000).

Principal risks and uncertainties

The principal risks and uncertainties are integrated with the principal risks of the Centrica plc group ("the Group") and are not managed separately. The principal risks of the Group are set out on pages 31-34 of the annual report and accounts of Centrica plc which does not form part of this report.

Key performance indicators

The directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are discussed on pages 12-13 of the annual report and accounts of the Group which does not form part of this report.

Future developments

There are no plans to change the nature of activities in the foreseeable future. A similar trading profile to 2008 is expected in the coming year.

Centrica Leasing (KL) Limited

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

Directors

The directors who held office at 31 December 2008 and since the year-end are given below:

Ian Grant Dawson

Paul Hedley

Charlotte Redcliffe

Lynne Turner

(resigned 18 March 2008)

Graeme Collinson

(appointed 13 February 2009)

At no time during the year ended 31 December 2008 did any director have any interests in the shares of the Company or any other company within the Group, except for interests in and options over the shares of the ultimate parent company, Centrica plc.

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

Political and charitable donations

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

Related party transactions

The Company has taken advantage of the exemptions within financial reporting standard No. 8 "Related Party Disclosures" from disclosure of transactions with other Centrica group companies. There have been no other disclosable related party transactions during the year (2007: Nil).

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review.

Centrica Leasing (KL) Limited

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

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Centrica Leasing (KL) Limited

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

Statement of disclosure of information to auditors

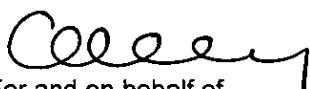
In accordance with Section 234ZA(2), in the case of each director in office at the date the directors' report is approved, that:

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

Auditors

PricewaterhouseCoopers LLP were appointed as auditors of the Company on 16 April 2008. 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 21 May 2009.



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Registered office:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Leasing (KL) Limited

Independent auditors' report to the members of Centrica KL Limited

We have audited the financial statements of Centrica KL Leasing Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Hull

21 May 2009

Centrica Leasing (KL) Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover		398	12
Cost of sales		(173)	(6)
Gross profit		225	6
Administrative expenses		-	-
Operating profit	3	225	6
Interest receivable and similar income	6	49	1
Interest payable and similar charges	7	(409)	(12)
Loss on ordinary activities before taxation		(135)	(5)
Tax on loss on ordinary activities	8	(23)	-
Loss for the financial year	16	(158)	(5)

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

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

All results relate to continuing operations.

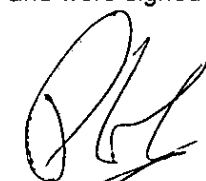
Centrica Leasing (KL) Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000 (Restated)
Fixed assets			
Tangible assets	9	6,366	6,539
Current assets			
Debtors - amounts due within one year	10	624	91
Debtors - amounts due after more than one year	11	606	687
		<u>1,230</u>	<u>778</u>
Creditors – amounts falling due within one year	12	(585)	(89)
Net current assets		<u>645</u>	<u>689</u>
Total assets less current liabilities		7,011	7,228
Creditors – amounts falling due after more than one year	13	(7,151)	(7,233)
Provisions for liabilities and charges	14	(23)	-
Net Liabilities		<u>(163)</u>	<u>(5)</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss reserve	16	(163)	(5)
Total shareholders' deficit	17	<u>(163)</u>	<u>(5)</u>

The balance sheet for 2007 has been restated in order to reclassify the debtors split relating to intra-group finance lease. The effect has been to move £81,000 from Debtors due within one year to Debtors due after one year in the comparative figures above.

The financial statements on pages 6 to 14 were approved by the board of directors on 21 May 2009 and were signed on its behalf by:



Paul Hedley
Director

Centrica Leasing (KL) Limited

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

1 Statement of accounting policies

These financial statements are prepared on the going concern basis, under historical cost convention and in accordance with the Companies Act 1985 and the applicable accounting standards. The principal accounting policies are set out below.

Tangible Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on all fixed assets, other than freehold land. Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows for these asset classes:

- Power Station assets : 20 years

Assets acquired from Centrica KL Limited in 2007 are depreciated over their estimated remaining useful economic life.

Equipment leased to customers

Equipment leased to customers under finance leases is de-recognised. Debtors under finance leases represent outstanding amounts due under these arrangements less finance charges allocated to future periods. Finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investment. Equipment leased to customers under operating leases is capitalised and depreciated over their remaining useful economic life operating lease income is accounted for on a straight line basis with any rental increases recognised during the period to which they relate and is included in turnover.

Deferred taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

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

Deferred tax losses relating to the carry forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profits will be available against which the unused tax losses can be utilised.

Centrica Leasing (KL) Limited

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

2 Cash flow statements and related party disclosures

The Company is a wholly-owned subsidiary of Centrica KL Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of financial reporting standard 1 "Cash Flow Statements". The Company is also exempt under the terms of financial reporting standard 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

3 Operating profit

	2008 £'000	2007 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets (note 9)	173	6
Services provided by the Company's auditor:		
Fees payable for the audit	-	-

Auditors' remuneration totalling £4,000 (2007: £4,000) relates to fees for the audit of the UK GAAP statutory accounts of Centrica Leasing (KL) 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 Centrica Leasing (KL) Limited. The auditors' remuneration was borne by Centrica plc. Prior year audit fees have been restated to reflect the inclusion of an element of the Centrica Group fee.

4 Directors' emoluments

The directors received no emoluments as they are employed by other Centrica group companies (2007: £nil).

All of the directors are members of the ultimate parent company's defined benefit pension scheme.

5 Employee information

The Company has no direct employees (2007: nil).

6 Interest receivable and similar income

	2008 £'000	2007 £'000
Finance lease interest receivable	49	1

Centrica Leasing (KL) Limited

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

7 Interest payable and similar charges

	2008 £'000	2007 £'000
Loan interest payable	(409)	(12)

8 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Deferred tax:		
Origination and reversal of timing differences	23	-
Tax on profit on ordinary activities	23	-

The tax assessed for the year differs from that calculated at the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(135)	(5)
Profit on ordinary activities multiplied by standard rate in the UK of 28.5% (2007: 30%)	(38)	(2)
Effects of :		
Expenses not deductible for tax purposes	44	1
Capital allowances in excess of depreciation	(23)	-
Group relief for nil consideration	12	1
UK:UK transfer pricing adjustment	5	-
Current tax charge for the year	-	-

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

Centrica Leasing (KL) Limited

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

9 Tangible fixed assets

	Land £'000	Power station assets £'000	Total £'000
Cost or valuation			
At 1 January and 31 December 2008	<u>4,208</u>	<u>2,337</u>	<u>6,545</u>
Accumulated depreciation			
At 1 January 2008	-	6	6
Charge for the year	-	173	173
At 31 December 2008	<u>-</u>	<u>179</u>	<u>179</u>
Net book amount			
At 31 December 2008	<u>4,208</u>	<u>2,158</u>	<u>6,366</u>
At 31 December 2007	<u>4,208</u>	<u>2,331</u>	<u>6,539</u>

10 Debtors - amounts due within one year

	2008 £'000	2007 £'000
Net investment in intra-group finance leases	87	79
Amounts owed by group undertakings	537	12
	<u>624</u>	<u>91</u>

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

Centrica Leasing (KL) Limited

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

11 Debtors - amounts due after more than one year

	2008 £'000	2007 £'000
Net investment in intra-group finance leases	<u>606</u>	<u>687</u>

12 Creditors - amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed to group undertakings	<u>585</u>	<u>89</u>

Amounts owed to group undertakings are unsecured, subject to interest rates ranging from 5.543% to 6.4425% and repayable over terms of 7.5 years and 20 years.

13 Creditors - amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed to group undertakings	<u>7,151</u>	<u>7,233</u>

Amounts owed to group undertakings are unsecured, subject to interest rates ranging from 5.543% to 6.4425% and repayable over terms of 7.5 years and 20 years.

Maturity of financial liabilities

	2008 £'000	2007 £'000
Less than one year	585	89
Between one and five years	384	466
Over five years	<u>6,767</u>	<u>6,767</u>
	<u>7,736</u>	<u>7,322</u>

Centrica Leasing (KL) Limited

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

14 Provisions for liabilities and charges

	Deferred taxation £'000	Total £'000
At 1 January 2008	-	-
Charged to the profit and loss account	23	23
At 31 December 2008	23	23

Deferred taxation

	As at 1 January 2008 £'000	Profit and loss charge/(credit) £'000	As at 31 December 2008 £'000
Deferred corporation tax			
- accelerated capital allowances	-	23	23
	-	23	23

Deferred corporation tax provision/(asset) at 28% (2007:28%) is analysed as follows:

	Provided		Unprovided	
	This Period £'000	Last Period £'000	This Period £'000	Last Period £'000
Deferred corporation tax				
- accelerated capital allowances	23	-	-	-
	23	-	-	-

The proposed reduction in the rate of UK corporation tax from 30% to 28% as per the 2007 budget was substantively enacted on 26 June 2007. As a result deferred tax reversing after 1 April 2008 is calculated at the rate of 28%.

15 Called up share capital

	2008 £	2007 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
2 ordinary shares of £1 each (2007: 2)	2	2

Centrica Leasing (KL) Limited

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

16 Profit and loss reserve

	2008 £'000
At 1 January 2008	(5)
Loss for the year	(158)
At 31 December 2008	<u>(163)</u>

17 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Loss for the financial year	(158)	(5)
Opening shareholders' funds	(5)	-
Closing shareholders' funds - deficit	<u>(163)</u>	<u>(5)</u>

18 Going concern

The directors have considered the application of the going concern basis of accounting and believe that for the foreseeable future the Company will have adequate resources to meet its liabilities as they fall due. In making this assessment the directors of the Company have considered the intentions of the directors of Centrica plc, the ultimate parent undertaking, to provide financial support to the Company in the conduct of its ordinary business operations for a period of 12 months from the date of approval of these financial statements.

19 Ultimate parent undertaking

The immediate parent undertaking is Centrica KL Limited.

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