

Centrica Quest Limited
Annual report and accounts
For the year ended
31 December 2005



Centrica Quest Limited

Annual report and accounts for the year ended 31 December 2005

Contents	Pages
Directors' report	1
Statement of directors' responsibilities	4
Independent auditors' report to the member of Centrica Quest Limited	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-9

Centrica Quest Limited

Directors' report for the year ended 31 December 2005

The directors present their report and audited financial statements of Centrica Quest Limited (the "Company") for the year ended 31 December 2005.

Principal activities and future developments

The principal activity of the Company was to act as trustee in respect of the provision of shares to participants in Centrica plc's Sharesave scheme. By a Supplemental Deed dated 1 February 2005, the trust was terminated.

Financial results and dividends

The Company has not traded during the year ended 31 December 2005 or 2004 and any incidental expenses are borne by the ultimate parent company including the audit fee. Consequently, during the year, the Company has made neither a profit nor a loss (2004: £nil). There were no other recognised gains or losses (2004: £nil). No dividends were paid for the year ended 31 December 2005 (2004: £nil).

Directors

The following served as directors throughout the year:

C E Chamberlain
D Macmillan
D R Woodward

At no time during the year ended 31 December 2005 did any director have any interests in the shares of the Company or any other company within the Centrica group, except for interests in, and options over, the shares and interests of the ultimate parent company, Centrica plc.

Directors' interests in shares (as defined by section 325 of the Companies Act 1985)

The directors with interests in and options over the ordinary shares of Centrica plc at the end of the year are as follows:

Beneficial interests in ordinary shares

	At 31 December 2005	At 31 December 2004
D Macmillan	34,162	33,599
D R Woodward	3,069	2,091
C E Chamberlain	-	-

The figures above include shares appropriated under the terms of the Centrica Share Incentive Plan.

Centrica Sharesave scheme

	At 1 January 2005	Options granted during the year	Options exercised during the year	Options lapsed during the year	At 31 December 2005
D Macmillan	11,949	-	-	-	11,949
D R Woodward	15,336	-	-	-	15,336
C E Chamberlain	-	-	-	-	-

Directors' report for the year ended 31 December 2005 (continued)

Centrica Long-term Incentive scheme (LTIS)

	At 1 January 2005	Allocations granted during the year	Allocations vested during the year	Allocations lapsed during the year	At 31 December 2005
D R Woodward	74,470	30,308	-	-	104,778
D Macmillan	-	-	-	-	-
C E Chamberlain	-	-	-	-	-

Total allocations as at 31 December 2005 shown above are subject to challenging performance conditions. At the end of the performance period the Total Shareholder Return of Centrica plc will be assessed against that of the relevant LTIS comparator group. If, and to the extent that, the performance conditions are met, the relevant number of shares will be released to the directors at the Trustee's discretion as soon as practicable thereafter.

A conditional allocation of shares was made under the terms of the scheme on 1 April 2005 at a price of 228 pence per share.

Options were granted under the terms of the ultimate parent company's Sharesave scheme and allocations made under the terms of the LTIS. Details of these schemes and the Share Incentive Plan can be found in the 2005 accounts of Centrica plc, copies of which can be obtained from www.centrica.com.

The middle market price of a Centrica plc ordinary share on the last day of trading of 2005 (30 December) was 254.75 pence. The range during the year was 264.75 pence (high) and 217.50 pence (low).

As at 31 December 2005, nil shares and 2,591 shares (1 January 2005: 6,370,264 and 2,548) were held by the respective Trustees of the employee share trusts for the purposes of the LTIS and the Share Incentive Plan. As with other employees, the directors are deemed to have a potential interest in those shares, being beneficiaries under the trust.

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.

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 disclosable related party transactions during the year (2004: nil).

Political and charitable donations

The Company made no political or charitable donations during the year (2004: £nil).

Directors' and officers' liability

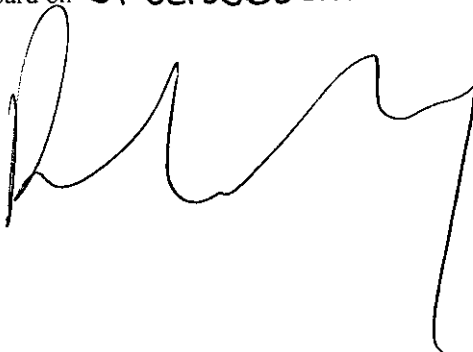
Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review.

Directors' report for the year ended 31 December 2005 (continued)

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.

This report was approved by the Board on 31 October 2006

A large, stylized handwritten signature in black ink, likely belonging to the Company Secretary, positioned to the right of the signature block text.

For and behalf of
Centrica Secretaries Limited
Company Secretary

31 October 2006

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently, except for changes arising on the adoption of new accounting standards;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

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.

Independent auditors' report to the member of Centrica Quest Limited

We have audited the financial statements of Centrica Quest Limited for the year ended 31 December 2005 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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

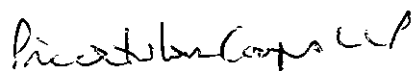
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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. 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 2005 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



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



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Profit and loss account for the year ended 31 December 2005

The Company did not enter into any transactions during the year (2004: Nil). There were no other recognised gains or losses (2004: Nil), and accordingly a Statement of Total Recognised Gains and Losses has not been presented.

A statement of movements in shareholder funds is shown in note 5.

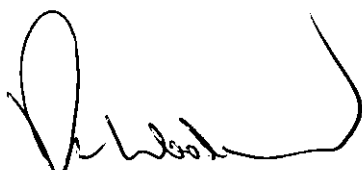
The accompanying notes on pages 8 to 9 form part of these financial statements.

Centrica Quest Limited

Balance Sheet at 31 December 2005

	Note	2005 £	2004 £
Current assets			
Cash at bank and in hand		100	100
		<u>100</u>	<u>100</u>
Creditors (amounts falling due within one year)	3	(98)	(98)
		<u>2</u>	<u>2</u>
Net assets			
Capital and reserves			
Called up share capital	4	2	2
		<u>2</u>	<u>2</u>
Total equity shareholder funds	5	<u>2</u>	<u>2</u>

The financial statements on pages 6 to 9 were approved and authorised for issue by the Board of Directors on
31 October 2006 and were signed on its behalf by:



Director

The notes on pages 8 to 9 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2005

1 Principal accounting policies

Accounting principles

The financial statements have been prepared in accordance with applicable UK accounting standards, consistently applied, and under the historical cost convention and the Companies Act 1985. The company has adopted FRS 17 "Retirement benefits", FRS 21, "Events after the balance sheet date", FRS 25, "Financial instruments: disclosure and presentation", FRS 28 "Corresponding amounts" in these financial statements. The adoption of these standards represents a change in accounting policy. There has been no impact on the current or prior year as a result of these changes in policy.

Basis of preparation

The directors believe that the going concern basis is applicable for the preparation of the accounts.

Exemptions

As the Company is a wholly owned subsidiary undertaking of Centrica plc, the Company has taken advantage of the exemptions within Financial Reporting Standard No 1 "Cash Flow Statements" from presenting a cash flow statement, and Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other group companies.

2 Directors and employees

a) Directors

The directors received no emoluments during the year ended 31 December 2005 (2004: £nil) in respect of their services to the Company.

All three directors are members of the ultimate parent company's defined benefit pension scheme. Directors' interests are shown in the directors' report on pages 1 and 2. Details of the defined benefit pension scheme can be found in the Centrica plc 2005 Annual Report and Accounts.

b) Employees

There were no employees of the Company during the year ended 31 December 2005 (2004: Nil).

3 Creditors (amounts falling due within one year)

	2005 £	2004 £
Amounts owed to Group undertakings	<u>98</u>	<u>98</u>

Amounts owed to Group undertakings are repayable on demand and are interest free.

Notes to the financial statements for the year ended 31 December 2005 - continued

4 Called up share capital

	2005 £	2004 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued, allotted and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

5 Movements in equity shareholder funds

	2005 £	2004 £
Equity shareholder funds as at 1 January and 31 December	<u>2</u>	<u>2</u>

6 Ultimate parent undertaking

Centrica plc is the ultimate parent undertaking and the only group to consolidate the accounts of the Company.
Copies of the Annual Report and Accounts of Centrica plc may be obtained from www.centrica.com.