

Centrica Electric Limited

Annual report

For the year ended 31 December 2008

Registered Number: 3275458

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Centrica Electric Limited

Annual report for the year ended 31 December 2008

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Centrica Electric Limited

Directors' report for the year ended 31 December 2008

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

Principal activities

The Company's principal activity during the year was that of a holding company.

Business review

There are no plans to change the nature of activity in the foreseeable future.

Financial results

The results of the Company are set out on page 5.

During the year the Company made a profit of £221,000 (2007: £252,000).

Dividends

No dividends were paid 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 6. Shareholders' funds at 31 December 2008 were £3,514,000 (2007: £3,293,000).

Principal risks and uncertainties and financial risk management

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 to 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.

The directors of the Group have established objectives and policies for managing financial risks to enable the Group and the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

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 profile to 2008 is expected in the coming year.

Directors

The directors who held office during the year are given below:

Centrica Directors Limited

Paul Moore

(appointed 12 September 2008)

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.

Centrica Electric Limited

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

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).

Creditor payment policy

It is the Company's policy to pay all of its creditors in accordance with the policies set out below. Special contractual terms apply for gas and electricity supplies. For all other trade creditors, it is the Company's policy to:

- i) agree the terms of payment in advance with the supplier;
- ii) ensure that suppliers are aware of the terms of payment; and
- iii) pay in accordance with contractual and other legal obligations.

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.

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.

Centrica Electric Limited

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

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.

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

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 Electric Limited

Independent auditors' report to the members of Centrica Electric Limited

We have audited the financial statements of Centrica Electric 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 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, 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 profit 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 Electric Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover		-	-
Cost of sales		-	-
Operating profit	3	-	-
Other income	6	221	252
Profit on ordinary activities before taxation		221	252
Tax on profit on ordinary activities	7	-	-
Profit for the year	11	221	252

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

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

All activities relate to continuing operations.

Centrica Electric Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Investments	8	2,466	2,466
Current assets			
Debtors	9	1,048	827
Net current assets		<u>1,048</u>	<u>827</u>
Net assets		<u>3,514</u>	<u>3,293</u>
Capital and reserves			
Called-up share capital	10	-	-
Profit and loss reserve	11	1,048	827
Other reserves	11	2,466	2,466
Total shareholders' funds	12	<u>3,514</u>	<u>3,293</u>

The financial statements on pages 5 to 10 were approved by the Board of Directors on 21 May 2009 and were signed on its behalf by:



Centrica Directors Limited
Director

Centrica Electric Limited

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

1 Statement of accounting policies

Basis of accounting

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

Investments

Fixed asset investments are shown at fair value on inception less any provision for impairment.

Dividends

Irredeemable preferential dividends received are recognised as other income in the Profit and Loss account when they become payable.

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.

2 Cash flow statements and related party disclosures

The Company is a wholly-owned subsidiary of GB Gas Holdings 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

Any incidental expenses and auditors' remuneration are borne by the parent undertaking.

4 Directors' emoluments

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

5 Employee information

The Company had no direct employees in both periods.

Centrica Electric Limited

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

6 Other income

	2008 £'000	2007 £'000
Preference share dividends receivable	221	252

Preference share dividends receivable relate to irredeemable preference shares held in Centrica Barry Limited, a fellow subsidiary company.

7 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax at 28.5% (2007: 30%) based on the profit for the year.	-	-
Total tax charge on profit on ordinary activities	-	-

The tax assessed for the year differs from that calculated at the standard rate of corporation tax in the UK (28.5%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	221	252
Profit on ordinary activities multiplied by standard rate in the UK of 28.5% (2007: 30%)	63	76
Effects of :		
Income not subject to tax	(63)	(76)
Group relief for nil consideration	(15)	(13)
UK:UK transfer pricing adjustment	15	13
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 Electric Limited

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

8 Fixed asset investments

	2008 £'000	2007 £'000
Cost or fair value:		
At 1 January and 31 December 2008	<u>2,466</u>	<u>2,466</u>

The investment represents 100% of the issued irredeemable £0.01 preference share capital of Centrica Barry Limited (CBL). The shares were received for nil consideration and hence have been recognised at fair value on inception, being the present value of future dividends receivable as at date of issue. GB Gas Holdings Ltd, the Company's immediate parent undertaking, owns 100% of the issued ordinary share capital of CBL.

The CBL preference shares confer upon the holders the right in priority to any payment by way of dividend to receive a cumulative preferential dividend at the rate of 12 month LIBOR plus 4.72% per annum.

9 Debtors

	2008 £'000	2007 £'000
Amounts owed by group undertakings	<u>1,048</u>	<u>827</u>

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

10 Called up share capital

	2008 £	2007 £
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>

Centrica Electric Limited

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

11 Reserves

	Profit and Loss Account £'000	Other Reserves £'000	Total £'000
At 1 January 2008	827	2,466	3,293
Retained profit for the year	221	-	221
At 31 December 2008	<u>1,048</u>	<u>2,466</u>	<u>3,514</u>

Other reserves comprise an unrealised gain on shares acquired in Centrica Barry Limited (see note 8).

12 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit for the financial year	221	252
Opening shareholders' funds	<u>3,293</u>	<u>3,041</u>
Closing shareholders' funds	<u>3,514</u>	<u>3,293</u>

13 Ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited, a company registered in England and Wales.

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 Centrica plc consolidated financial statements can be obtained from the Company Secretary at Centrica plc, Millstream, Maidenhead Road, Berkshire, SL4 5GD.