

Centrica Electric Limited

Annual report
For the year ended 31 December 2006

Registered Number: 3275458

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Centrica Electric Limited

Annual report for the year ended 31 December 2006

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Centrica Electric Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of Centrica Electric Limited ("the Company") for the year ended 31 December 2006

Principal activities

The principal activity of the Company is that of a holding company

Review of business and future developments

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

Results and dividends

The profit for the financial year was £235,000 (2005 £239,000) The retained profit for the financial year of £236,000 (2005 £235,000) will be added to the reserves

No dividends were paid for the year ended 31 December 2006 (2005 £Nil)

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

Directors

The following served as directors throughout the year

	Date of Appointment
Centrica Directors Limited	01/11/2001

Directors' and officers liability insurance

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

Employees

The Company had no employees at 31 December 2006 (2005 Nil)

Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with other Centrica group companies on the grounds that the voting rights of the company are wholly controlled within the group There have been no other disclosable related party transactions during the year (2005 £nil)

Centrica Electric Limited

Directors' report for the year ended 31 December 2006 (continued)

Political and charitable donations

The Company made no political or charitable donations during the year (2005 £Nil)

Financial risk management

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

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,
- 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.

Auditor information

As far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware.

The director has taken all 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.

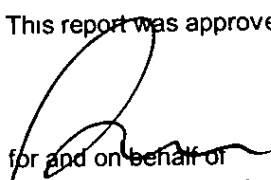
Centrica Electric Limited

Directors' report for the year ended 31 December 2006 (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 22 October 2007



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 2006 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 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 2006 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

30 October 2007

Centrica Electric Limited

Profit and loss account for the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Turnover		-	-
Cost of sales		-	-
Operating profit	3	-	-
Other income	6	235	239
Profit on ordinary activities before taxation		235	239
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation		235	239
Dividends		-	-
Retained profit for the financial year	11	235	239

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 2006

		2006	2005
	Note	£'000	£'000
Fixed assets			
Investments	8	2,466	2,466
Current assets			
Debtors	9	575	340
Net current assets		575	340
Net assets		3,041	2,806
Capital and reserves			
Called-up share capital	10	-	-
Profit and loss reserve	11	575	340
Other reserves	11	2,466	2,466
Total shareholders' fund - equity interests	12	3,041	2,806

The financial statements on pages 5 to 10 were approved and authorised for issue by the Board of Directors on 22 October 2007 and were signed on its behalf by


Director

Centrica Electric Limited

Notes to the financial statements for the year ended 31 December 2006

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 cost or fair market value 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.

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.

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.

Centrica Electric Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

4 Directors' emoluments

The directors received no emoluments during the year as they are employed by other Centrica group companies (2005 £Nil)

5 Employee information

The Company had no direct employees in both periods

6 Other income

	2006 £'000	2005 £'000
Preference share dividends received	235	239

Preference dividends are receivable from Centrica Barry Ltd

7 Tax on profit on ordinary activities

	2006 £'000	2005 £'000
Current tax:		
UK corporation tax 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 (30%). The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	235	239
Profit on ordinary activities multiplied by standard rate in the UK of 30% (2005 30%)	71	70
Effects of		
Income not subject to tax	(71)	(70)
Group relief for nil consideration	(6)	-
UK UK transfer pricing adjustment	6	-
Current tax charge for the year	-	-

Centrica Electric Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

8 Fixed asset investments

	2006 £'000	2005 £'000
Cost or fair value		
As at 1 January and 31 December 2006	2,466	2,466

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, 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.

9 Debtors

	2006 £'000	2005 £'000
Amounts owed by fellow group undertakings	575	340

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

10 Called-up share capital

	2006 £	2005 £
Authorised		
100 ordinary shares of £1 each	100	100
Issued, allotted and fully paid		
2 ordinary shares of £1 each	2	2

Centrica Electric Limited

Notes to the financial statements for the year ended 31 December 2006(continued)

11 Reserves

	Profit and Loss Account £'000	Other Reserve £'000
As at 1 January 2006	340	2,466
Retained profit for the year	235	-
As at 31 December 2006	575	2,466

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

12 Reconciliation of movements in shareholders' funds

	£'000
Profit for the financial year	235
Opening shareholders' funds as at 1 January 2006	2,806
Closing shareholders' funds as at 31 December 2006	3,041

13 Ultimate parent undertaking

The immediate parent undertaking is GB Gas Holdings Limited

The ultimate parent undertaking and controlling party is Centrica plc, a company registered in England and Wales. Copies of Centrica plc consolidated financial statements can be obtained from the Company Secretary at Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD