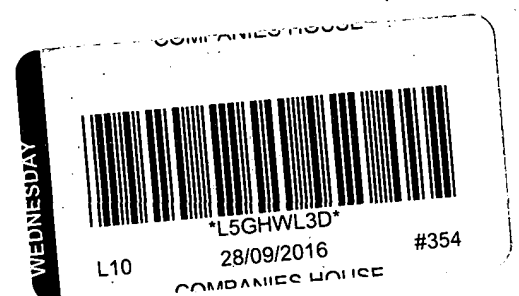


Registration number: 01026007

British Gas Social Housing Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



British Gas Social Housing Limited

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British Gas Social Housing Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present the Strategic Report of British Gas Social Housing Limited ("the Company") for the year ended 31 December 2015.

Principal activity

The principal activity of the Company, which trades under the P H Jones brand, is the installation, servicing and repair of central heating systems.

Review of the business

2015 has seen the Company continue to trade profitably. Turnover has fallen year-on-year primarily due to a reduced social housing portfolio. The statement of financial position of the Company is presented on page 12. Total shareholders funds at 31 December 2015 £9,228,000 (2014: £8,367,000).

Principal risks and uncertainties

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 38-42 of the Annual Report and Accounts 2015 of the Group which does not form part of this report.

Key performance indicators (KPIs)

The Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business.

Further information about KPIs, in the context of the Group, can be found on pages 20-21 in the Annual Report and Accounts 2015 of the Group which does not form part of this report.

British Gas Social Housing Limited

Strategic Report for the Year Ended 31 December 2015 (continued)

Future developments

The Company continues to manage its social housing portfolio as well as exploring further growth opportunities from British Gas referrals in private residential properties, whilst simultaneously reviewing its opex base to ensure continued control of overheads.

Approved by the Board on 27 September 2016 and signed on its behalf by:



MICHAEL DIX

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 01026007

Registered office:

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

British Gas Social Housing Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the Financial Statements for the year ended 31 December 2015.

Directors of the Company

The directors who held office during the year were as follows:

Gab Barbaro

Kenneth Main (resigned 20 July 2016)

Peter Black

The following director was appointed after the year end:

Steven Buck (appointed 20 July 2016)

Results and dividends

The results of the Company are set out on page 10. The profit for the financial year ended 31 December 2015 is £859,881 (2014: profit £2,625,543). No dividends were paid for the year ended 31 December 2015 (2014:nil). The Directors do not recommend the payment of a final dividend (2014:nil) be made in respect of the financial year ended 31 December 2015.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employees

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are unlikely to affect their interests and that all employees are aware of the financial and economic performance of business units and of the company as a whole. Communication with all employees continues through the in-house newsletters and briefing groups.

Future developments

Future developments are discussed in the Strategic Report on page 2.

Directors liabilities

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

British Gas Social Housing Limited

Directors' Report for the Year Ended 31 December 2015 (continued)

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.

Exposure to counterparty credit risk and liquidity risk arises in the normal course of the Company's business and is managed within parameters set by the Directors.

Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Exposure to credit risk is limited predominantly to exposures with other Group companies or exposure to credit risk which arises in the normal course of operations as a result of the potential for a customer defaulting on its payable balance. In the case of business customers, credit risk is managed by checking a company's creditworthiness and financial strength both before commencing to trade and during a business relationship. An ageing of receivables is monitored and used to manage the exposure to credit risk.

Cash forecasts identifying liquidity requirements of the Company are produced and reviewed periodically to ensure there is sufficient financial headroom for at least a twelve month period from the date of approval of these financial statements.

British Gas Social Housing Limited

Directors' Report for the Year Ended 31 December 2015 (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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 the 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 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.

British Gas Social Housing Limited


Directors' Report for the Year Ended 31 December 2015 (continued)

Statement of Directors' Responsibilities (continued)

Reappointment of auditors

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board on 27 September 2016 and signed on its behalf by:

.....MICHAEL DIX

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 01026007.

Registered office:

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

British Gas Social Housing Limited

Independent Auditors' Report to the Members of British Gas Social Housing Limited

Report on the financial statements

Our opinion

In our opinion, British Gas Social Housing Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

British Gas Social Housing Limited

Independent Auditors' Report to the Members of British Gas Social Housing Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

British Gas Social Housing Limited

Independent Auditors' Report to the Members of British Gas Social Housing Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

.....
Alan Walsh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 September 2016

British Gas Social Housing Limited

Income Statement for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Revenue	3	72,089	77,379
Cost of sales		<u>(59,848)</u>	<u>(61,346)</u>
Gross profit		12,241	16,033
Operating costs	4	<u>(10,641)</u>	<u>(12,284)</u>
Operating profit		1,600	3,749
Finance costs		<u>(507)</u>	<u>(365)</u>
Profit before income tax		1,093	3,384
Income tax expense	8	<u>(233)</u>	<u>(759)</u>
Profit for the year		<u>860</u>	<u>2,625</u>

The above results were derived from continuing operations.

British Gas Social Housing Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

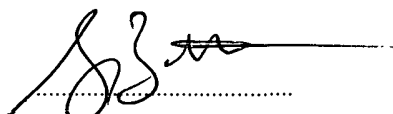
	2015 £ 000	2014 £ 000
Profit for the year	<u>860</u>	<u>2,625</u>
Other comprehensive income		
Total comprehensive income for the year	<u>860</u>	<u>2,625</u>

British Gas Social Housing Limited

Statement of Financial Position as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Non-current assets			
Property, plant and equipment	9	<u>1,112</u>	<u>711</u>
Current assets			
Inventories	10	325	269
Trade and other receivables	11	23,832	27,080
Current Tax	8	79	79
Deferred Tax	8	209	254
Cash and cash equivalents		<u>7,053</u>	<u>2,357</u>
		<u>31,498</u>	<u>30,039</u>
Total assets		<u>32,610</u>	<u>30,750</u>
Current liabilities			
Trade and other payables	12	<u>(23,383)</u>	<u>(17,383)</u>
Non-current liabilities			
Trade and other payables	12	<u>-</u>	<u>(5,000)</u>
Total liabilities		<u>(23,383)</u>	<u>(22,383)</u>
Net assets		<u>9,227</u>	<u>8,367</u>
Equity			
Called up share capital	14	-	-
Retained earnings		<u>9,227</u>	<u>8,367</u>
Total equity		<u>9,227</u>	<u>8,367</u>

The financial statements on pages 10 to 24 were approved and authorised for issue by the Board of Directors on 27 September 2016 and signed on its behalf by:



Gab Barbaro

Director

Company number 01026007

British Gas Social Housing Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Called up share capital £ 000	Retained earnings £ 000	Total Equity £ 000
At 1 January 2015	-	8,367	8,367
Profit for the financial year and total comprehensive income	-	860	860
At 31 December 2015	-	9,227	9,227
	Called up share capital £ 000	Retained earnings £ 000	Total Equity £ 000
At 1 January 2014	-	5,742	5,742
Profit for the financial year and total comprehensive income	-	2,625	2,625
At 31 December 2014	-	8,367	8,367

The notes on pages 14 to 24 form an integral part of these financial statements.

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

The Company is a wholly-owned subsidiary undertaking of P.H Jones Group Limited, which is wholly-owned subsidiary undertaking whose ultimate parent undertaking is Centrica Plc. BGSHL is a Private Company limited by shares and is incorporated and domiciled in England and Wales.

2 Accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements have been prepared on a going concern basis.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has effected the reported financial position, financial performance and cash flows of the Company is provided in note 18.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Tangible assets - on transition to FRS 101, tangible assets are measured at deemed cost which, is the previous GAAP carrying value of these assets;

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets;
- Disclosures in respect of related parties transactions with wholly-owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs.

Note that the Company has early adopted the following amendments to FRS 101 (effective for periods beginning on or after 1 January 2016) in these financial statements:

- Presentation of IAS format financial statements;
- Exemption from the presentation of a third balance sheet (being the opening balance sheet of the Company at the date of application of FRS 101).

These financial statements are presented in pound sterling (with all values rounded to the nearest thousand pounds (£000) except when otherwise indicated), which is also the functional currency of the Company.

The financial statements are prepared on the historical cost basis.

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Revenue recognition

Revenue is stated net of VAT and discounts. Revenue from the sale of goods is recognised when the goods are physically delivered to the customer. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of consideration due.

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 substantively enacted by the balance sheet date. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date. Temporary differences are differences between the carrying amount of the company's assets and liabilities and their tax base.

Deferred tax liabilities are offset against deferred tax assets when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future, against which the deductible temporary difference can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled.

Property, plant and equipment ('PP&E')

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Buildings	5 years straight line
Plant, equipment and vehicles	3-5 years straight line

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Leases

Payments under operating leases are charged on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value after allowance for redundant and slow-moving items.

Defined contribution pension obligation

Payments to defined contribution retirement benefit schemes are recognised in the Company's income statement as they fall due.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ('CGU').

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2015 £ 000	2014 £ 000
Installation, servicing and repair of central heating systems	<u>72,089</u>	<u>77,379</u>

4 Analysis of costs by nature

Arrived at after charging

	2015 £ 000	2014 £ 000
Depreciation expense	378	263
Operating lease expense - land and buildings	132	221
Operating lease expense - plant and equipment	109	113
Operating lease expense - motor vehicles	<u>1,632</u>	<u>2,288</u>

5 Employees' costs

The aggregate employee costs (including directors' remuneration) were as follows:

	2015 £ 000	2014 £ 000
Wages and salaries	16,305	19,915
Social security costs	1,787	1,966
Pension and other post-employment benefit costs	201	178
Other employee expense	<u>84</u>	<u>-</u>
	<u>18,377</u>	<u>22,059</u>

In respect of the Director's remuneration, refer to note 16 'related parties' transactions'.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2015 No. of employees	2014 No. of employees
Administration and support	276	235
Technical	<u>322</u>	<u>399</u>
	<u>598</u>	<u>634</u>

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

6 Finance costs

	2015 £ 000	2014 £ 000
Interest on amounts owed to group undertakings	<u>507</u>	<u>365</u>

7 Auditors' remuneration

Auditors' remuneration totalling £20,787 for the year (2014: £7,000) relates to fees for the audit of the statutory financial statements of British Gas Social Housing Limited.

8 Income tax

Tax charged in the income statement

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax at 20.25% (2014: 21.49%)	202	601
Adjustment in respect of previous periods	<u>(14)</u>	<u>5</u>
	<u>188</u>	<u>606</u>
Deferred taxation		
Arising from origination and reversal of temporary differences - UK	22	164
Arising from changes in tax rates and laws	<u>23</u>	<u>(11)</u>
Total deferred taxation	<u>45</u>	<u>153</u>
Tax expense in the income statement	<u>233</u>	<u>759</u>

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax rate to the profit before tax are reconciled below:

	2015 £ 000	2014 £ 000
Profit before tax at 20.25% (2014: 21.49%)	<u>1,093</u>	<u>3,384</u>
Tax on profit/(loss) calculated at standard rate	<u>221</u>	<u>727</u>

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

8 Income tax (continued)

	2015 £ 000	2014 £ 000
<i>Effects of:</i>		
Net expenses non-deductible for tax purposes	3	2
Increase (decrease) in current tax from adjustment for prior periods	(14)	5
Increase (decrease) arising from group relief	(21)	15
Increase (decrease) from transfer pricing adjustments	21	-
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	-	21
Deferred tax expense (credit) relating to changes in tax rates or laws	23	(11)
	<u>12</u>	<u>32</u>
Total income tax expense	<u>233</u>	<u>759</u>

The main rate of corporation tax was reduced to 20% from 1 April 2015. Further reductions were enacted by Finance (No.2) Act 2015 to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These enacted reduced rates of corporation tax have been reflected within these financial statements. A further reduction in the rate, to 17% from 1 April 2020, was substantively enacted as part of Finance Act 2016 and is not reflected in the financial statements. As such, the previously enacted rate of 18% from 1 April 2020 will not come into effect. The impact of the reduction in the corporate tax rate to 17% on the financial statements is not expected to be significant.

Deferred income tax

The movements in respect of the deferred income tax assets that occurred during the financial year are as follows:

	Accelerated tax depreciation (corporation tax) £ 000	Other timing differences including losses carried forward £ 000	Total £ 000
1 January 2014	(298)	(109)	(407)
Charged to the income statement	<u>56</u>	<u>97</u>	<u>153</u>
31 December 2014	(242)	(12)	(254)
Charged to the income statement	<u>39</u>	<u>6</u>	<u>45</u>
31 December 2015	<u>(203)</u>	<u>(6)</u>	<u>(209)</u>

Deferred corporation tax provision/(asset) at 18% (2014:20%).

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

8 Income tax (continued)

	2015 Assets £ 000	2014 Assets £ 000
Gross deferred tax balances crystallising within one year	-	10
Gross deferred tax balances crystallising after one year	209	244
	<u>209</u>	<u>254</u>
Net deferred tax balances (after offsetting for financial reporting purposes)	<u>209</u>	<u>254</u>

9 Property, plant and equipment

	Plant and equipment, fixture and fittings £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation			
At 1 January 2015	2,035	4	2,039
Additions	779	-	779
At 31 December 2015	<u>2,814</u>	<u>4</u>	<u>2,818</u>
Accumulated depreciation			
At 1 January 2015	1,324	4	1,328
Depreciation charge for the year	378	-	378
At 31 December 2015	<u>1,702</u>	<u>4</u>	<u>1,706</u>
Carrying amount			
At 31 December 2015	<u>1,112</u>	<u>-</u>	<u>1,112</u>
At 31 December 2014	<u>711</u>	<u>-</u>	<u>711</u>

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

10 Inventories

	2015 £ 000	2014 £ 000
Raw materials and consumables	<u>325</u>	<u>269</u>

There is no significant difference between the replacement cost of inventories and their carrying amounts.

11 Trade and other receivables

	2015 Current £ 000	2014 Current £ 000
Trade receivables	5,062	7,082
Amounts owed by group undertakings	11,584	7,388
Prepayments and accrued income	<u>7,186</u>	<u>12,610</u>
	<u>23,832</u>	<u>27,080</u>

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

12 Trade and other payables

	2015 Current £ 000	2014 Current £ 000	2014 Non-current £ 000
Trade payables	2,448	2,063	-
Amounts owed to group undertakings	11,840	7,640	5,000
Social security and other taxes	1,458	456	-
Accrued expenses	<u>7,637</u>	<u>7,224</u>	<u>-</u>
	<u>23,383</u>	<u>17,383</u>	<u>5,000</u>

The bank overdraft facility was secured by an omnibus guarantee and set-off agreement between P.H. Jones Group Limited and its subsidiaries, along with a debenture giving fixed or floating charges on all assets of the company. As at the balance sheet date there was no overdraft balance (2014: £nil).

Amounts owed to group undertakings falling due within one year include £14,320,000 (2014: £15,841,000) that bears interest at a quarterly rate determined by group treasury and linked to the group cost of funds. The range of the quarterly rate charged was between 2.36% and 2.88%. The other amounts owed to group undertakings are interest-free. All amounts owed to group undertakings are unsecured and repayable on demand.

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Post-employment benefits

Defined contribution pension scheme

The company operates a defined contribution pension scheme for all qualifying employees, the assets of which are held separately from those of the company in an independently-administered fund. The pension cost represents contributions payable by the company and amounted during the year to £201,000 (2014 - £178,000)

Contributions totalling £32,000 were payable to the fund at 31 December 2015 (2014: £60,000).

14 Called up share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Retained earnings

The balance classified as retained earnings includes the profits and losses realised by the company in previous years that were not distributed to the shareholders of the company at the balance sheet date.

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

15 Operating leases

Operating leases

At 31 December 2015 the company had annual commitments under non-cancellable operating leases for land, buildings and vehicles with the following maturity:

	2015 £ 000	2014 £ 000
Within one year	1,043	934
In two to five years	3,405	3,684
In over five years	169	214
	<u>4,617</u>	<u>4,832</u>

16 Related party transactions

Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £ 000	(As restated) 2014 £ 000
Directors' emoluments	240	229
Contributions into pension schemes	18	9
	<u>258</u>	<u>238</u>

The prior year figures for aggregate emoluments paid to directors and Company contributions to pension schemes have been amended since the 2014 statutory accounts were finalised. This was due to a change in the method of allocation of emoluments to Group entities, as well as the inclusion of certain payments and allowances owed to directors.

The prior year emoluments have been restated to £240,000 (previously disclosed £76,000).

The prior year pension contributions figures have been restated to £18,000 (previously disclosed £5,000).

During the year the number of Directors who received post-employment benefits and share incentives was as follows:

	2015 No.	(As restated) 2014 No.
Accruing benefits under defined benefit pension scheme	1	1
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

British Gas Social Housing Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

17 Parent and ultimate parent undertaking

The immediate parent undertaking is P.H Jones Group Limited, a company registered in England and Wales.

The ultimate parent and controlling party is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated statements. Copies of the Centrica Plc consolidated financial statements may be obtained from www.centrica.com.

18 Transition to FRS 101

In preparing its FRS 101 balance sheet, the company has not been required to adjust any amounts reported previously in its financial statements prepared in accordance with its old basis of accounting (UK GAAP).