Registration number: 02877398

Centrica Energy Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Centrica Energy Limited

Contents

Centrica Energy Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for Centrica Energy Limited (the 'Company') for the year ended 31 December 2021.

Principal activity
The principal activity of the Company is the wholesale trading of physical energy products and the trading of energy-related derivatives. The main products traded in the year were natural gas, electricity, storage, emission certificates and oil in the United Kingdom and Europe. The Company is expected to carry on these trading activities for the foreseeable future.

Section 172(1) Statement
In promoting the success of the Company, the Directors must also consider the interests of stakeholders and the other matters required by section 172(1) (a) to (f) of the Companies Act. This Section 172 Statement describes how the Directors have taken into account wider stakeholders in their decision making during the year. Whilst the Company is an independent subsidiary of Centrica plc, the Company activity supports the wider strategy of the Centrica Group. Where appropriate, for example in matters of long-term strategy, decision making is aligned with that of the parent company Board, ensuring that the Company's stakeholders have been rigorously considered.

General confirmation of Directors' duties
Directors are fully aware of and understand their statutory duties under the Act. The Board has a clear framework for determining the matters within its remit. Day to day authority is delegated to executives and the Directors engage with management in setting, approving and overseeing execution of the business strategy and related policies. The executives consider the Company's activities, such as review financial and operational performance, business strategy, key risks, stakeholder-related matters, governance, and legal and regulatory compliance , and make decisions. Section 172(1) of the Act provides that each Director must ensure that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to section 172(1) (a) to (f) as described below.

(a) The likely consequences of any decision in the long term
The Directors understand the Company's business and the evolving environment in which it operates, including the challenges of a highly competitive marketplace, regulatory intervention and climate change. The Directors remain conscious that decisions made could have an impact on other stakeholders where relevant. By considering the Group's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances. An example of this is the management of margin cash, which the business has to operate within limits set by the Group. The Directors have particularly considered this when evaluating agreements to be entered into by the Company, such as documentation in connection with acquisitions, disposals and parent company guarantees.

Each year the Directors make an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of a dividend. In determining whether to make a dividend payment, the Directors consider a range of factors including: the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in the Company; and the expectations of the ultimate parent company's shareholders as supplier of long-term equity capital to the Company.

(b) The interests of the company's employees
The Directors recognise that employees are fundamental to the future growth and success of any company. That success depends on looking after our employees. The Board is mindful that decisions and oversight often have to balance the differing needs of stakeholders, and ensures this is taken into consideration when making critical decisions. An example of this during the year in review is the management's commitment to actions arising from the quarterly Our Voice Survey 2021.

(c) The need to foster the company's business relationships with counterparties
The Directors recognise the benefits of engaging with a broad range of stakeholders and developing and delivering Centrica's strategy depends on building and maintaining constructive relationships across them all. The Company continued to foster existing and create new business relationships with counterparties in the markets in which it operates.

(d) The impact of the company's operations on the community and the environment
The Directors appreciate that collaboration with charities and community groups helps to create stronger communities and provide insights that enable the Board to understand the Company's impact on the community and environment, and the consequences of its decisions in the long term. Further information about how the Centrica Group engages with communities and NGOs can be found on pages 30-31 of the Group's Annual Report and Accounts 2021.

(e) The desirability of the company maintaining a reputation for high standards of business conduct
The Board adheres to Centrica Group's "Our Code" code of conduct which all Centrica Group employees are subject to setting out the high standards and behaviours we expect from those that work for us or with us.

(f) The need to act fairly as between members of the company
After weighing up all relevant factors, the Directors consider which course of action best promotes the long-term success of the Company, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly as between the Company's members. However, the Directors are not required to balance the Company's interests with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Culture
The Company's culture is set by the Group and embedded in all we do. Further information on our culture can be found on pages 26-36 of the Group's Annual Report and Accounts 2021.

Stakeholder Engagement
As is normal for large companies, the directors delegate authority for day-to-day management of the Company to executives engaged in setting, approving and overseeing execution of the business strategy and related policies of the Group. While there are cases where the board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that generally stakeholder engagement best takes place at an operational or Group level. The directors consider that as well as being a more efficient and effective approach, this also helps achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. How the Group engages with its stakeholders is described on pages 8 to 9 of the Centrica plc Annual Report and Accounts 2021 (the ARA).

Ukraine conflict
The Company is a subsidiary of the Centrica group, and as such is impacted by the energy crisis and Ukraine conflict. The energy markets remain very volatile, but the Centrica group continues to maintain a hedging strategy to minimise the exposure to market prices. The Company does not own any businesses or operate in Russia or Ukraine and so has no direct impacts from those two countries. Furthermore, the Company has no investments in Russian entities or bonds. The Company is not directly impacted by the conflict but the overall geopolitical environment is creating heightened volatility, which can potentially be beneficial to the energy trading business. Trading exposures to Russian counterparties are being continuously monitored by the business.

Review of the business

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101').

The financial position of the Company is presented in the Statement of Financial Position on page 15. Total equity as at 31 December 2021 was £408,354,000 (2020: £248,547,000). The profit for the financial year ended 31 December 2021 was £154,193,000 (2020: £50,830,000).

The Company's increase in profit compared to 2020 is primarily due to high volatility in the market, as prices rose towards the end of the year. During 2021 the Company also received an interim dividend of £23,191,990 (2020: £nil) from its subsidiary undertaking, Centrica Energy Trading Limited (CETL). This represented a final distribution from CETL ahead of entering liquidation on 7 June 2022.

Principal risks and uncertainties

The principal risk and uncertainty affecting the business and execution of the Company's strategy is continuing to operate efficiently and effectively within the regulatory requirements placed upon the business.

The Company's operations expose it to a number of financial risks. Given the size and nature of the Company these risks are integrated with those of the Centrica plc group (the 'Group') and are not managed separately. The principal financial risks facing the Company are market risk (including commodity price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management processes are designed to identify, manage and mitigate these risks.

The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on page 38 to 43 of the Group's Annual Report and Accounts 2021, which does not form part of this report. Please also refer to note 20 in these financial statements.

Key performance indicators ('KPIs')

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the Company are net assets and profit after tax, and these are shown above under Review of the business.

The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 14-15 of the Group's Annual Report and Accounts 2021, which does not form part of this report. The results of the Company are disclosed in the Directors' Report on page 5.

In addition to the Group KPIs noted above, the Directors of the Company believe that the trader margin which drives the operating profit of the business is the critical KPI specific to the Company. The operating profit is noted within the income statement reported on page 12. The operating profit forms part of the monthly reporting pack reviewed by senior management to gain an understanding of the performance of the business. Other KPIs include counterparty credit risk, VAR and liquidity risk, which are reviewed by the Directors and analysed in note 20. The extent of the risks relative to the approved limits are also reviewed monthly by senior management to gain an understanding of the performance of the business.

Future developments

The Directors expect the Company to continue to trade physical energy products and energy-related derivatives for the foreseeable future.

Approved by the Board on 30 June 2022 and signed on its behalf by:

Samantha Hood

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

Company registered in England and Wales, No. 02877398

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

Centrica Energy Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors of the Company
The Directors of the Company, who were in office during the year and up to the date of signing the financial statements were as follows:

C Mangerah

A Z Longmuir

S G Gerova

Results and dividends
The results of the Company are set out on page 13. The profit for the financial year ended 31 December 2021 is £154,193,000 (2020: £50,830,000 profit).

The Company did not pay an interim dividend during the year (2020: £nil) and the Directors do not recommend the payment of a final dividend (2020: £nil).

The Company's increase in profit compared to 2020 is primarily due to high volatility in the market, as prices rose towards the end of the year. During 2021 the Company also received an interim dividend of £23,191,990 (2020: £nil) from its subsidiary undertaking, Centrica Energy Trading Limited (CETL). This represented a final distribution from CETL ahead of entering liquidation on 7 June 2022.

Corporate governance
The Directors recognise the importance of effective corporate governance in supporting the long-term success and sustainability of our business. Sound corporate governance enables clear and consistent delegation of authority from the Board to senior management and beyond in order to promote robust, informed and transparent decision-making. It also promotes effective stewardship to ensure the delivery of strategic objectives and sustainable success. It is the Board's responsibility to set the tone for the organisation including the right culture, values and behaviours that are intended to protect and promote the long-term success of the business.

The Company is part of the Centrica plc Group. Centrica plc applies the UK Corporate Governance Code (UK Code). Whilst the Company does not apply any specific code, it is subject to the controls and governance framework of Centrica plc. These controls are robust and provide an effective governance framework that applies to the Company, setting out corporate governance principles which support the execution of our strategy and remains consistent with our Values.

Future developments
Future developments are discussed in the Strategic Report on page 4.

Going concern

The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Group going concern assessment as at 31 December 2021 is based upon the Group Annual Plan for 2022 and the longer-term strategic forecast for 2023 and 2024. The Group's focus on the energy supply and services businesses means the most significant risks continue to be shorter-term in nature including asset performance, commodity prices, weather and competitive pressures creating disruption in our customer-facing markets. Important context to the going concern assessment is the management of the Group's financing profile through accessing a diverse source of term funding and maintaining access to carefully assessed levels of standby liquidity which support the Group's planned financial commitments. As at 31 December 2021, the Group had total committed credit facilities of £4.8 billion, of which £0.4 billion expires in 2024 and the remaining £4.4 billion expire in 2025. The undrawn committed facilities as at 31 December 2021 were £3.0 billion in addition to total liquid resources of £3.6 billion.

The full Centrica Group results were released on 24th February 2022. These demonstrated a resilient financial performance despite a difficult energy supply situation, increases in wholesale gas price, and the ongoing challenges caused by the pandemic. The Group's balance sheet is much stronger than 2020, with a positive cash position of £0.7 billion compared to 2020 when the Group had net debt of £3.0 billion and an overall adjusted operating profit of £948m.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

Events after the reporting period

On 2 March 2022, in response to the Russian invasion of Ukraine, Centrica plc announced its intention to exit gas supply agreements with Russian businesses. The Company's trading exposures to Russian counterparties are being continuously monitored by the business, although the biggest risk is the impact on global commodity prices. The impact of the Ukraine conflict on the Group and the Company is discussed further in the Strategic Report on page 2.

On 7 June 2022 the Company's subsidiary undertaking, Centrica Energy Trading Limited (CETL), entered liquidation. For further information about the interim dividend and return of capital to the Company during 2021 that preceded CETL entering liquidation, please see note 12.

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. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 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.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website which, in the absence of a website for Centrica Energy Limited, we refer to the Centrica plc Group website for this responsibility. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction

Disclosure of information to 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 that 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. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

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

Approved by the Board on 30 June 2022 and signed on its behalf by:

Samantha Hood

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

Company Secretary

Company registered in England and Wales, No. 02877398

Registered office:

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

United Kingdom

Independent Auditor's Report to the Members of Centrica Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Centrica Energy Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Centrica Energy Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the documentation of the policies and procedures relating to fraud and compliance with laws and regulations that has been established by the Company's ultimate parent. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent Auditor's Report to the Members of Centrica Energy Limited (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition with a focus on inappropriate trades as a result of potential manipulation. There is a risk that revenue may be recognised from trades which are inaccurate, missing, non-existent or with counterparties that have not been approved:

  We obtained an understanding of the trading control environment and tested the design & implementation of relevant new counterparty and deal capture trading controls. We used computer assisted audit techniques which included testing that trades were with approved counterparties and to test that trades were valid and accurate by matching to third-party confirmations, and performed additional procedures in respect of unconfirmed and late entered trades.

- Revenue recognition with a focus on complex trades being valued incorrectly. Given the subjectivity involved with the valuations of complex trades, there is a risk that the judgements and assumptions applied are inappropriate:

  We performed a detailed assessment of the control environment, including testing the operating effectiveness of controls over new and amended complex models, and testing of certain system application controls. We involved financial instrument specialists to perform detailed substantive testing of complex material models, including challenging significant assumptions and judgements involved in the model methodologies.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Independent Auditor's Report to the Members of Centrica Energy Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

D.Winstone

Daryl Winstone (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 30/6/22

Centrica Energy Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	219,237	139,697
Cost of sales	5	(46,028)	(43,105)
Gross profit		173,209	96,592
Operating costs	5	(56,432)	(41,851)
Operating profit		116,777	54,741
Income from shares in Group undertakings	7	23,192	-
Finance income	8	12,566	123
Finance costs	8	(66)	(3,677)
Net finance income/(cost)		12,500	(3,554)
Profit before taxation		152,469	51,187
Taxation on profit	11	1,724	(357)
Profit for the year from continuing operations		154,193	50,830

The above results were derived from continuing operations.

Centrica Energy Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Profit for the year		154,193	50,830
Items that will not be reclassified to the Income Statement			
Net actuarial gains/(losses) on defined benefit pension schemes	17	1,807	(403)
Taxation on net actuarial gains/(losses) on defined benefit pension schemes		(274)	122
Other comprehensive income/ (losses)		1,533	(281)
Total comprehensive income for the year		155,726	50,549

Centrica Energy Limited

Statement of Financial Position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Non-current assets			
Deferred tax assets	11	3,249	929
Investments	12	-	850
Derivative financial instruments	21	6,976	-
Retirement benefit assets	17	1,763	28
		11,988	1,807
Current assets			
Trade and other receivables	13	3,735,021	766,445
Inventories	14	165,365	40,342
Derivative financial instruments	21	6,909,798	925,101
Cash and cash equivalents	15	2,772	10,895
		10,812,956	1,742,783
Total assets		10,824,944	1,744,590
Current liabilities			
Trade and other payables	16	(3,456,863)	(625,363)
Derivative financial instruments	21	(6,928,522)	(845,079)
Current tax liabilities		(20,717)	(20,717)
		(10,406,102)	(1,491,159)
Non-current liabilities			
Deferred tax liabilities	11	(441)	(6)
Trade and other payables	16	(10,047)	(4,878)
		(10,488)	(4,884)
Total liabilities		(10,416,590)	(1,496,043)
Net assets		408,354	248,547
Equity			
Share capital	18	50	50
Retained earnings		402,202	246,476
Share-based payments reserve		6,102	2,021
Total equity		408,354	248,547

The notes on pages 18 to 44 form an integral part of these financial statements.

Statement of Financial Position as at 31 December 2021 (continued)

The financial statements on pages 13 to 44 were approved and authorised for issue by the Board of Directors on 30 June 2022 and signed on its behalf by:

....
S G Gerova
Director

Company number 02877398

Centrica Energy Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Share based payments reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	50	2,021	246,476	248,547
Profit for the year	-	-	154,193	154,193
Other comprehensive income	-	-	1,533	1,533
Total comprehensive income	-	-	155,726	155,726
Share incentive plan	-	4,081	-	4,081
At 31 December 2021	50	6,102	402,202	408,354

	Share capital £ 000	Share based payments reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2020	50	787	195,927	196,764
Profit for the year	-	-	50,830	50,830
Other comprehensive losses	-	-	(281)	(281)
Total comprehensive income	-	-	50,549	50,549
Share incentive plan	-	1,234	-	1,234
At 31 December 2020	50	2,021	246,476	248,547

The notes on pages 18 to 44 form an integral part of these financial statements.

1 General information

Centrica Energy Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales.

The address of its registered office and principal place of business is:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 4.

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 UK adopted International Financial Reporting Standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company financial statements are presented in pounds sterling which is the functional currency of the Company.

Changes in accounting policy
From 1 January 2021, the following standards and amendments are effective in the Company's Financial Statements:

- Amendments to IFRS 17 and IFRS 4: 'Insurance Contracts' - deferral of IFRS 9; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2.

None of these changes or amendments had any material impact on the Company's financial statements.

Summary of disclosure exemptions
In these financial statements, as a qualifying entity the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 'Statement of Cash Flows';
- the statement of compliance with adopted IFRSs;
- the effects of new but not yet effective IFRSs;
- the prior year reconciliations in the number of shares outstanding at the beginning and at the end of the year for share capital;
- disclosures in respect of related party transactions with wholly-owned subsidiaries in a group;
- disclosures in respect of the compensation of key management personnel; and
- disclosures in respect of capital management.

2 Accounting policies (continued)

As the consolidated financial statements of the Centrica plc group (the 'Group'), which are available from its registered office, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures' have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

Measurement convention

These financial statements are presented in pound sterling (with all values rounded to the nearest thousand except where otherwise indicated), which is also the functional currency of the Company. Operations and transactions conducted in currencies other than the functional currency are translated in accordance with the foreign currencies accounting policy set out below. The financial statements are prepared on the historical cost basis except for derivative financial instruments, financial instruments designated at fair value through profit and loss on initial recognition and the Company's share of assets of the Group's defined benefit schemes that have been recorded at fair value.

Exemption from preparing group accounts

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate controlling company, Centrica plc.

Going concern

The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Group going concern assessment as at 31 December 2021 is based upon the Group Annual Plan for 2022 and the longer-term strategic forecast for 2023 and 2024. The Group's focus on the energy supply and services businesses means the most significant risks continue to be shorter-term in nature including asset performance, commodity prices, weather and competitive pressures creating disruption in our customer-facing markets. Important context to the going concern assessment is the management of the Group's financing profile through accessing a diverse source of term funding and maintaining access to carefully assessed levels of standby liquidity which support the Group's planned financial commitments. As at 31 December 2021, the Group had total committed credit facilities of £4.8 billion, of which £0.4 billion expires in 2024 and the remaining £4.4 billion expire in 2025. The undrawn committed facilities as at 31 December 2021 were £3.0 billion in addition to total liquid resources of £3.6 billion.

The full Centrica Group results were released on 24th February 2022. These demonstrated a resilient financial performance despite a difficult energy supply situation, increases in wholesale gas price, and the ongoing challenges caused by the pandemic. The Group's balance sheet is much stronger than 2020, with a positive cash position of £0.7 billion compared to 2020 when the Group had net debt of £3.0 billion and an overall adjusted operating profit of £948m.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

2 Accounting policies (continued)

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition
The Company recognises IFRS 15 revenue from the sale of Guarantees of Origin contracts and brokerage in line with the five-step approach to revenue recognition required by IFRS 15. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities, and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

Trading income- non-IFRS 15 is the net of trading income and commodity costs from trading activities. Trading income comprises the fair value of the consideration received or receivable from trading activities in the ordinary course of the business, and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the trading income can be measured reliably. Trading income comprises both realised (settled) and unrealised (fair value changes) net gains and losses from trading in physical and financial energy contracts. Commodity costs comprise the fair value of the consideration paid or payable from trading activities in the ordinary course of the business, and is recognised to the extent that it is probable that economic benefits will flow away from the Company and the cost can be measured reliably. Commodity costs comprise both realised (settled) and unrealised (fair value changes) net losses and gains from trading in physical and financial energy contracts.

Revenue is shown net of sales/value added tax, returns, rebates and discounts.

Cost of Sales
Cost of sales includes the cost of Guarantee of Origin contracts and transportation, capacity, and service costs.

Finance income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Employee share schemes
The Centrica plc group, to which the Company belongs, operates a number of employee share schemes, detailed in the Remuneration Report on pages 66-75 and in note S2 to the Group financial statements, under which it makes equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant (excluding the effect of non-market based vesting conditions). The fair value determined at the grant date is expensed on a straight-line basis in the Income Statement together with a corresponding increase in equity over the vesting period, based on the Centrica plc group's estimate of the number of awards that will vest, and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using methods appropriate to each of the different schemes detailed in note S2 of the Group financial statements.

Dividend income
Dividend income is recognised when the right to receive payment is established.

2 Accounting policies (continued)

Financing costs
Financing costs not arising in connection with the acquisition, construction or production of a qualifying asset are expensed.

Foreign currencies
Transactions in foreign currencies are, on initial recognition, recorded in the functional currency of the Company at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the Company at the rates prevailing at the reporting date, and associated gains and losses are recognised in the Income Statement for the year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income' or 'finance costs'. All other foreign exchange gains and losses are presented in the Income Statement in the respective financial line item to which they relate.

Changes in the fair value of foreign currency denominated monetary securities classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the Company are translated using the exchange rate prevailing at the dates of the initial transaction and are not retranslated. Non-monetary items measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was measured.

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 reporting date. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

Deferred tax is recognised in respect of all temporary differences identified at the reporting date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the reporting date.

Investments in subsidiaries
The Company does not deem its investments in subsidiaries as well as related receivables to be impaired and supports this judgement through its impairment review process.

2 Accounting policies (continued)

Inventories
Inventories of Guarantees of Origin contracts are held at the lower of cost and estimated net realisable value. Inventories of Gas in storage are held at fair value less any costs to sell. Changes in fair value less costs to sell are recognised in the Income Statement.

Pensions and other post-employment benefits
The Company's employees participate in a number of the Group's defined benefit pension schemes. The total Group cost of providing benefits under defined benefit schemes is determined separately for each of the Group's schemes using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in the period in which they occur. The key assumptions used for the actuarial valuation are based on the Group's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits, on which further detail is provided in note 22 to the Group financial statements. The Company's share of the total Group surplus or deficit at the end of the reporting period for each scheme is calculated in proportion to the Company's share of ordinary employer contributions into that scheme during the year; ordinary employer contributions are determined by the pensionable pay of the Company's employees within the scheme and the cash contribution rates set by the scheme trustees. Current service cost is calculated with reference to the pensionable pay of the Company's employees. The Company's share of the total Group interest on scheme liabilities, expected return on scheme assets and actuarial gains or losses is calculated in proportion to ordinary employer contributions in the prior accounting period. Changes in the surplus or deficit arising as a result of the changes in the Company's share of total ordinary employer contributions are also treated as actuarial gains or losses.

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

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.

- Trade and other receivables
Trade receivables are initially recognised at fair value, which is usually the original invoice amount, and are subsequently held at amortised cost using the effective interest method less an allowance for expected credit losses.

Prepayments comprise payments made in advance relating to the following year. Accrued income is income relating to the current year, which will not be invoiced until after the reporting date.

- Trade and other payables
Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method (although, in practice, the discount is often immaterial). If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

2 Accounting policies (continued)

- Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Company's Income Statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Derivative financial instruments

The Company routinely enters into sale and purchase transactions for physical delivery of gas and power. Certain purchase and sales contracts for the physical delivery of gas and power are within the scope of IFRS 9 due to the fact that they net settle or contain written options. Such contracts are accounted for as derivatives under IFRS 9 and are recognised in the Company's statement of financial position at fair value. Gains and losses arising from changes in fair value on derivatives are taken directly to the income statement for the year.

The Company uses a range of derivatives for both trading and to hedge exposures to financial risks, such as interest rate, foreign exchange and energy price risks, arising in the normal course of business. The use of derivative financial instruments is governed by the Group's policies. Further detail on the Group's risk management policies is included within the Annual Report and Accounts 2021 of the ultimate controlling party being Centrica plc, in the Strategic Report - Principal Risks and Uncertainties on pages 34 to 42 and in note S3.

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when both a legal right of set-off exists and the intention to net settle the derivative contracts is present.

The Company enters into certain energy derivative contracts covering periods for which observable market data does not exist. The fair value of such derivatives is estimated by reference in part to published price quotations from active markets, to the extent that such observable market data exists, and in part by using valuation techniques, whose inputs include data which is not based on or derived from observable markets. Where the fair value at initial recognition for such contracts differs from the transaction price, a fair value gain or fair value loss will arise. This is referred to as a day-one gain or day-one loss. Such gains and losses are deferred (not recognised) and amortised to the Income Statement based on volumes purchased or delivered over the contractual period until such time observable market data becomes available. When observable market data becomes available, any remaining deferred day-one gains or losses are recognised within the Income Statement. Recognition of the gains or losses resulting from changes in fair value depends on the purpose for issuing or holding the derivative. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement and are included within gross profit or interest income and interest expense. Gains and losses arising on derivatives entered into for speculative energy trading purposes are presented on a net basis within revenue.

Derivatives are classified as current and non-current assets or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

2 Accounting policies (continued)

Embedded derivatives: derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains or losses reported in the Income Statement. The closely-related nature of embedded derivatives is reassessed when there is a change in the terms of the contract which significantly modifies the future cash flows under the contract. Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in the Income Statement.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimations (which are dealt with separately below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Determination of fair values - energy derivatives

Fair values of energy derivatives are estimated by reference in part to published price quotations in active markets and in part by using valuation techniques. Quoted market prices considered for valuation purposes are the bid price for assets held and/or liabilities to be issued, or the offer price for assets to be acquired and/or liabilities held, although the mid-market price or another pricing convention may be used as a practical expedient (where typically used by other market participants). The judgements and the assumptions underpinning these judgements are considered to be appropriate.

Value at risk

Given the elevated commodity prices and the significant levels of price volatility experienced during and after the period, it is possible that there could be a significant change in gas and power price assumptions within the next 12 months. However, the portfolio is complex and trading positions are optimised on a daily basis such that positions may not be held in 12 months' time. It has therefore been determined to be more meaningful to disclose the VaR measure which management monitor than to provide sensitivity analysis of the impact of reasonable possible changes in key commodity prices over the next 12 months. The Company sets volumetric and VaR limits to manage the commodity price risk exposure associated with the Company's proprietary energy trading activities. The VaR used measures the estimated potential loss for a 95% confidence level over a one-day holding period. The holding period used is based on market liquidity and the number of days the Company would expect it to take to close off a trading position. The VaR, before taxation, associated with the Company's proprietary energy trading activities at 31 December 2021 was £9,758,000 (2020: £1,275,000).

Centrica Energy Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Revenue

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

	2021 £ 000	2020 £ 000
Trading income - non IFRS 15	159,390	83,599
Revenue - IFRS 15	59,847	56,098
Revenue	219,237	139,697

The Company carries out most of its trading within Euro markets where the majority of its income is generated. The other key market in which revenue is generated is the UK.

IFRS 15 revenue comprises income from brokerage and Guarantees of Origin contracts.

5 Analysis of costs by nature

	2021		2020	
	Cost of sales £ 000	Operating costs £ 000	Cost of sales £ 000	Operating costs £ 000
Guarantees of Origin contract costs	(42,080)	-	(35,629)	-
Transportation, distribution and metering costs	(3,948)	-	(7,476)	-
Employee costs	-	(37,514)	-	(16,493)
Other operating costs	-	(18,918)	-	(25,358)
Total costs by nature	(46,028)	(56,432)	(43,105)	(41,851)

6 Employees' costs

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

	2021 £ 000	2020 £ 000
Wages and salaries	(27,986)	(13,620)
Social security costs	(4,716)	(1,258)
Pension and other post-employment benefits	(473)	(329)
Share-based payment expenses	(4,304)	(1,234)
Other employee expense	(35)	(52)
	(37,514)	(16,493)

The monthly average number of personnel directly employed by the Company, not including secondees from fellow Group companies, during the year was 29 (2020: 19). All personnel are based in the United Kingdom.

7 Income from shares in Group undertakings

On 28 July 2021 Centrica Energy Trading Limited (CETL) paid an interim dividend of £23,191,990 (2020: £nil) to the Company. This represented the final distribution from CETL as part of the steps leading to their entering the liquidation process in 2022, as described in note 12.

8 Net finance income/ (cost)

Finance income

	2021 £ 000	2020 £ 000
Interest income from amounts owed by Group undertakings	12,553	-
Other finance income	13	123
Total finance income	12,566	123

Finance cost

	2021 £ 000	2020 £ 000
Interest expense on bank overdrafts and borrowings	(66)	(60)
Interest on amounts owed to Group undertakings	-	(3,617)
Total finance costs	(66)	(3,677)
Net finance income/ (cost)	12,500	(3,554)

9 Directors' remuneration

The Directors were remunerated as employees of Centrica plc Group and did not receive any remuneration, from any source, for their services as Directors of the Company during the current or preceding financial year. Accordingly, no details in respect of their emoluments have therefore been included in these financial statements.

10 Auditor's remuneration

Auditor's remuneration totalling £51,500 (2020: £50,000) relates to fees for the audit of the Financial Statements of the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group financial accounts of its ultimate parent, Centrica plc.

11 Income tax

Tax credited/(charged) in the Income Statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	-	(297)
Deferred taxation		
Origination and reversal of temporary differences	1,224	(414)
Changes in tax rates	514	88
Adjustment in respect of prior period	(14)	266
Total deferred taxation	1,724	(60)
Taxation on profit	1,724	(357)

The UK rate of corporation tax for the year to 31 December 2021 was 19% (2020: 19%).

The UK corporation tax rate will increase to 25% with effect from 1 April 2023. At 31 December 2021, the relevant UK deferred tax assets and liabilities included in these Financial Statements were measured at the prevailing rate applicable for the period when the underlying temporary differences are expected to reverse.

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

	2021 £ 000	2020 £ 000
Profit before tax	152,469	51,187
Tax on profit at standard UK corporation tax rate of 19% (2020: 19%)	(28,969)	(9,726)
Increase in current tax from adjustment for prior periods	(14)	(31)
Decrease from effect of revenues exempt from taxation	4,406	-
Increase from effect of expenses not deductible in determining taxable profit	(814)	(241)
Decrease from effect of exercise employee share options	712	-
Decrease arising from group relief tax reconciliation	25,889	9,553
Decrease from tax rate changes	514	88
Total tax credit/(charge)	1,724	(357)

Centrica Energy Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Income tax (continued)

Deferred tax

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

	Fixed assets £000	Temporary difference trading £000	Other items £000	Pensions £000	Total £000
1 January 2021	1	927	-	(5)	923
Charged/ (credited) to the Income Statement	-	948	938	(162)	1,724
Charged/ (credited) to other comprehensive income	-	-	-	(274)	(274)
Charged/ (credited) to equity	-	-	435	-	435
31 December 2021	1	1,875	1,373	(441)	2,808

	Fixed assets £000	Temporary difference trading £000	Pensions £000	Total £000
1 January 2020	1	941	(81)	861
Credited to the Income Statement	-	(13)	(47)	(60)
Charged to other comprehensive income	-	-	122	122
31 December 2020	1	928	(6)	923

12 Investments

Subsidiaries	Total £ 000
Cost	
At 1 January 2021	850
Return of capital (i)	(850)
At 31 December 2021	-
Net book value	
At 31 December 2021	-
At 31 December 2020	850

(i) Centrica Energy Trading Limited (CETL), a subsidiary of the Company, decided to cease its regulated activities as an Energy Market Participant (EMP) under the FCA. From 15 March 2021 CETL was no longer regulated under FCA as an EMP and as a result has ceased its business operations. During 2021 CETL returned capital of £849,999 to the Company. On 7 June 2022 CETL entered the formal process of liquidation.

(ii) The Company also received an interim dividend of £23,191,990 in 2021, as described in note 7. This dividend represented the final distribution from CETL.

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held 2021	2020
Centrica Energy (Trading) Limited	Agency and arranging services	United Kingdom	Ordinary shares	100%	100%

13 Trade and other receivables

	2021 Current £ 000	2020 Current £ 000
Amounts owed by Group undertakings (i)	1,404,394	195,018
Accrued energy income	1,974,530	565,134
Other receivables (ii)	356,097	6,293
	3,735,021	766,445

13 Trade and other receivables (continued)

(i) The amounts owed by Group undertakings have been presented on a net basis if there is a legal right of offset, and the intent is to settle amounts on a net basis. Included within the amounts owed by Group undertakings disclosed above is £997,472,000 (2020: £120,063,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.61% and 4.23% per annum during 2021 (2020: 4.42% and 4.73%). The other amounts owed by Group undertakings are interest-free. All amounts owed by Group undertakings are unsecured and repayable on demand.

The Company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 20 Financial risk management.

(ii) Other receivables includes margin call cash deposits of £353,190,000 (2020: £5,718,000).

14 Inventories

	2021 £ 000	2020 £ 000
Gas in storage	151,037	31,397
Guarantees of origin contracts	14,328	8,945
	165,365	40,342

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

15 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	2,772	10,895

16 Trade and other payables

	2021		2020	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Trade payables	(3,270)	-	(133)	-
Accrued expenses	(1,848,117)	(10,047)	(526,383)	(4,878)
Amounts owed to Group undertakings (i)	(570,055)	-	(44,964)	-
Social security and other taxes	(146)	-	(103)	-
Other payables (ii)	(1,035,275)	-	(53,780)	-
	(3,456,863)	(10,047)	(625,363)	(4,878)

(i) The amounts owed by Group undertakings have been presented on a net basis if there is a legal right of offset, and the intent is to settle amounts on a net basis. All amounts owed by Group undertakings are interest-free, unsecured and repayable on demand.

16 Trade and other payables (continued)

The Company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 20 Financial risk management.

(ii) Other payables includes cash collateral deposited with the Company of £1,028,861,000 (2020: £52,748,000). The Company's net cash collateral balance has increased to £884,661,000 in 2021 (2020: £52,850,000) as a result of higher commodity prices.

17 Post-retirement benefits

Defined benefit pension schemes

The Company's employees participate in the following Group defined benefit pension schemes: Centrica Pension Plan (CPP) and Centrica Pension Scheme (CPS). Its employees also participate in the defined contribution section of the Centrica Pension Scheme. Information on these schemes is provided in note 22 to the Group financial statements.

Together with the Centrica Engineers Pension Scheme (CEPS), CPP and CPS form the significant majority of the Group's and Company's defined benefit obligation and are referred to below in the Group financial statements as the 'Registered Pension Schemes'.

Accounting assumptions, risks and sensitivity analysis

The accounting assumptions, risks and sensitivity analysis for the Registered Pension Schemes are provided in note 22 to the Group financial statements.

Reconciliation of scheme assets and liabilities

The amounts recognised in the statement of financial position are as follows:

	2021			2020		
	Assets £000	Liabilities £000	Total £000	Assets £000	Liabilities £000	Total £000
1 January	6,686	(6,658)	28	6,947	(6,472)	475
Items included in the Income Statement:						
Current service cost	-	(63)	(63)	-	(24)	(24)
Interest income/(expense)	109	(97)	12	156	(137)	19
Other movements:						
Re-measurement gains/(losses)	15,554	(13,747)	1,807	(162)	(241)	(403)
Employer contributions	5	(26)	(21)	(28)	(11)	(39)
Plan participants contributions	1	(1)	-	1	(1)	-
Benefits paid from schemes	(209)	209	-	(228)	228	-
31 December	22,146	(20,383)	1,763	6,686	(6,658)	28

17 Post-retirement benefits (continued)

Presented in the Statement of Financial Position as:

	2021 £000	2020 £000
Retirement benefit assets	1,763	28
	1,763	28

Analysis of the actuarial gains/(losses) recognised in reserves

	2021 £000	2020 £000
Actuarial (loss)/ gain (actual return less expected return on pension scheme assets)	15,555	(162)
Experience (loss)/ gain arising on the scheme liabilties	(376)	(22)
Changes in assumptions underlying the present value of the schemes' liabilities	(13,371)	(219)
Cumulative actuarial losses recognised in reserves at 1 January, before adjustment for taxation	(2,656)	(2,253)
	(848)	(2,656)

Pensions scheme contributions

Note 22 to the Group financial statements provides details of the triennial review based on the position at 31 March 2018 in respect of the UK Registered Pension Schemes and the asset-backed contribution arrangements. Under IAS 19: 'Employee benefits (revised 2011)', the Company's contribution and trustee interest in the Scottish Limited Partnerships are recognised as scheme assets.

The Company estimates that it will pay £21,000 of employer contributions during 2022 at an average rate of 8% of pensionable pay together with contributions via the salary sacrifice arrangement of £11,000.

Pension scheme assets

The major categories of scheme assets are as follows:

	2021			2020		
	Quoted £ 000	Unquoted £ 000	Total £ 000	Quoted £ 000	Unquoted £ 000	Total £ 000
Equities	19,920	461,984	481,904	18,883	396,033	414,916
Corporate bonds	2,392,600	31,000	2,423,600	2,649,113	-	2,649,113
High-yield debt	2,719,944	1,196,894	3,916,838	2,069,380	1,285,452	3,354,832
Liability matching assets	1,963,000	1,355,568	3,318,568	2,191,886	1,068,992	3,260,878
Property	-	439,160	439,160	-	351,835	351,835
Cash pending investment	85,483	-	85,483	37,997	-	37,997
Group pension scheme assets (i)	7,180,947	3,484,606	10,665,553	6,967,259	3,102,312	10,069,571
Company share of the above (£'000)	22,146	-	22,146	6,686	-	6,686

17 Post-retirement benefits (continued)

(i) Total pension scheme assets, including asset-backed contribution assets not recognised in the consolidated group accounts.

The overall expected rate of return on assets is a weighted average based on the actual plan assets held in each class and the expected returns on separate asset classes less costs of administering the plan and taxes paid by the plan itself. The returns on separate asset classes are based on the expected median return over a 10-year period (for equities, high yield debt and property) and appropriate market indices (for corporate bonds and liability matching assets). These returns are calculated by the independent company actuary, and adjusted for factors specific to the investment portfolio of the Centrica Combined Common Investment Fund.

Defined contribution pension scheme
The total cost charged to Income Statement of £383,000 (2020: £295,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the scheme.

18 Capital and reserves

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	50,196	50,196	50,196	50,196

All ordinary shares issued are classified as 'equity instruments' in accordance with IAS 32. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Retained earnings
The balance classified as retained earnings includes the profits and losses realised by the Company in previous periods that were not distributed to the shareholders of the Company at the reporting date.

Other reserves
Other reserves is mainly made up of the share-based payments reserve which reflects the obligation to deliver shares to employees under the existing share schemes in return for services provided to the Company.

19 Dividends

The Company did not pay an interim dividend during the year (2020: £nil). The Directors do not recommend the payment of a final dividend (2020: £nil).

20 Financial risk management

The Company's normal operating, investing and financing activities expose it to a variety of financial risks: market risk (including commodity price risk and currency risk), credit risk and liquidity risk. The Company's overall financial risk management processes are designed to identify, manage and mitigate these risks.

Credit risk and impairment
Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract. The Company is exposed to credit risk in its energy trading activities. The Group's risk assessment procedures and counterparty selection process ensure that the credit risk on is always low at initial recognition. Credit risk is managed by checking a company's creditworthiness and financial strength both before commencing trade and during the business relationship. The Company continually reviews its rating thresholds for relevant counterparty credit limits and updates these as necessary, based on a consistent set of principles. In addition, the Company actively manages the trade-off between credit and liquidity risks by optimising the use of contracts with collateral obligations and physically settled contracts without collateral obligations.

The Company held amounts owed by Group undertakings of £1,404,394,000 for the financial year ended 31 December 2021 (2020: £195,018,000). The carrying value of financial assets within trade and other receivables that are past due that are not considered to be individually impaired is £nil (2020: £nil). The Company does not hold any bad debt provisions (2020: £nil).

Market risk management
Market risk is the risk of loss that results from changes in market prices (commodity prices, foreign exchange rates and interest rates). The level of market risk to which the Company is exposed at a point in time varies depending on market conditions, expectations of future price or market rate movements and the composition of the Company's physical asset and contract portfolios. The Company sets volumetric and VaR limits to manage the commodity price risk exposure associated with the Company's proprietary energy trading activities. VaR measures the estimated potential loss at a 95% confidence level over a one-day holding period. As with any modelled risk measure, there are certain limitations that arise from the assumptions used in the VaR calculation. VaR assumes that historical price behaviours will continue in the future and that the Company's trading positions can be unwound or hedged within the predetermined holding period. Furthermore, the use of a 95% confidence level, by definition, does not take into account changes in value that might occur beyond this confidence level.

Currency risk management
Currency risk is the risk that movements in foreign currency exchange rates will result in exchange gains and losses that are taken to the Income Statement. Currency risk arises when future commodity trading contracts or recognised assets or liabilities are denominated in a currency that is not the functional currency of the Company. The Company manages its foreign exchange risk by entering into forward contracts transacted with Centrica plc.

20 Financial risk management (continued)

Sensitivity analysis

An analysis of the sensitivity of the Company's financial position and performance to changes in foreign exchange rates has been performed. The Company deems 10% movements in the US Dollar and Euro currency rates relative to pounds sterling, to be reasonably possible. The impact of such movements on profit and equity, both before and after taxation, is immaterial to the Company except as follows:

• 10% upward movement in US Dollar would increase profit by £667,400 (2020: £2,800 decrease) and a 10% downward movement would decrease profit by £815,700 (2020: £3,500 increase).

• 10% upward movement in Euro would increase profit by £800,700 (2020: £216,000 increase) and a 10% downward movement would decrease profit by £978,700 (2020: £264,000 decrease).

Interest rate risk management

Interest rate risk is managed centrally by Centrica plc.

Commodity price risk management

The most significant financial risk facing the Company relates to commodity prices, in particular for gas and electricity. Commodity price risk is the risk that changes to gas and electricity prices would impact the net fair value of commodity contracts held for trading.

The Company's proprietary trading activities consist of physical and financial commodity purchases and sales contracts taken on with the intent of benefiting in the short-term from changes in market prices or differences between buying and selling prices. The Company conducts its trading activities with bilateral counterparties and over the counter and through exchanges in the UK and parts of the rest of Europe. The Company is exposed to commodity price risk as a result of its proprietary trading activities because the value of its trading assets and liabilities will fluctuate with changes in market prices for commodities.

The Company sets volumetric and VaR limits to manage the commodity price risk exposure associated with the Company's proprietary energy trading activities. The VaR used measures the estimated potential loss for a 95% confidence level over a one-day holding period. The holding period used is based on market liquidity and the number of days the Company would expect it to take to close off a trading position.

The VaR, before taxation, associated with the Company's proprietary energy trading activities at 31 December 2021 was £9,758,000 (2020: £1,275,000).

Liquidity risk management

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. Cash forecasts identifying the liquidity requirements of the Company are produced frequently. These are reviewed regularly to ensure sufficient financial headroom exists for at least a 12-month period. The Company finances its operations through a combination of cash flow from operations and financing received from other Centrica Group companies. Liquidity risk is managed centrally by Centrica plc.

20 Financial risk management (continued)

Maturity profiles

Maturities of derivative financial instruments, provisions, borrowings, and trade and other payables are provided in the following tables (all amounts are remaining contractual undiscounted cash flows):

Due for payment 2021	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
	£000	£000	£000	£000	£000	£000
Energy and interest derivatives in a loss position that will be settled on a net basis	(80,005)	(26,368)	(12,332)	(8,782)	(3,552)	-
Gross energy procurement contracts and related derivatives carried at fair value (i)	(2,978,326)	(1,162,920)	(760,625)	(421,329)	-	-

Due for payment 2020	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
	£000	£000	£000	£000	£000	£000
Energy and interest derivatives in a loss position that will be settled on a net basis	(20,347)	(5,710)	(1,536)	(1,588)	(4,377)	(12,843)
Gross energy procurement contracts and related derivatives carried at fair value (i)	(3,712,430)	(1,046,733)	(306,201)	(48,341)	(32,098)	-

(i) Proprietary energy trades are excluded from this maturity analysis as we do not take physical delivery of volumes traded under these contracts. The associated cashflows are expected to be equal to the contract fair value at the balance sheet date.

The Company's liquidity is impacted by the cash pledged or received under margin and collateral agreements. The terms and conditions of these depend on the counterparty and the specific details of the transaction. Cash pledged by the Company is generally returned to the Company and cash received by the Company is generally returned to the counterparty within two days of trade settlement. The table below summarises the movements in margin cash:

	2021	2020
	£ 000	£ 000
Net cash (received)/pledged as collateral at 1 January	(52,850)	14,455
Net cash inflow	(791,811)	(67,305)
Net cash (received) as collateral at 31 December (i)	(844,661)	(52,850)

(i) Of the net cash collateral (received)/pledged, £(1,028,861,000) (2020: £(52,850,000)) is included within trade and other payables and £184,200,000 (2020: £nil) within trade and other receivables.

21 Fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company adopts Group internal policies for determining fair value, including methodologies used to establish valuation adjustments required for credit risk.

Fair value hierarchy

Financial assets and financial liabilities measured and held at fair value are classified into one of three categories, known as hierarchy levels, which are defined according to the inputs used to measure fair value as follows:

- Level 1: Fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities.
- Level 2: Fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data.
- Level 3: Fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in managements' best estimate of fair value.

The reconciliation of the Level 3 fair value measurements during the year is as follows:

	2021 Instruments at fair value through profit & loss £ 000	2020 Instruments at fair value through profit & loss £ 000
Level 3 financial instruments		
Total realised and unrealised gains/(losses):		
1 January	30,790	(2,464)
Recognised in the Income Statement	354,170	33,254
31 December	384,960	30,790

21 Fair value of financial instruments (continued)

Financial instruments carried at fair value

	2021			2020			
	Fair value and carrying value £ 000	Level 2 (i) £ 000	Level 3 £ 000	Fair value and carrying value £ 000	Level 1 (i)	Level 2 (i) £ 000	Level 3 £ 000
Derivative financial assets - held for trading under IFRS 9							
Energy derivatives - for proprietary trading	6,916,774	6,646,821	269,953	925,101	-	903,567	21,534
Total financial assets at fair value through profit or loss	6,916,774	6,646,821	269,953	925,101	-	903,567	21,534
Derivative financial liabilities - held for trading under IFRS 9							
Energy derivatives - for proprietary trading	(6,928,522)	(7,043,529)	115,007	(845,079)	(2,752)	(851,583)	9,256
Total financial liabilities at fair value through profit or loss	(6,928,522)	(7,043,529)	115,007	(845,079)	(2,752)	(851,583)	9,256
Net financial instruments at fair value	(11,748)	(396,708)	384,960	80,022	(2,752)	51,984	30,790

(i) There were no material transfers during the financial period between level 1 and 2.

21 Fair value of financial instruments (continued)

Methods and assumptions

There were no material transfers during the financial year between level 1 and 2 and there were no material transfers during the financial year between level 2 and 3.

Transfers between fair value hierarchy levels are based on the values of the relevant assets and liabilities at the beginning of the reporting period.

The Company has classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- quoted prices in active markets for the same instrument (i.e. without modification or repackaging) (Level 1);
- quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data (Level 2); and
- valuation techniques for which any significant input is not based on observable market data (Level 3).

Assessing the significance of a particular input requires judgement. For the purposes of the fair value hierarchy, the Directors have determined Level 2 as the appropriate hierarchy level for all valuations generated from the Company's trading system given that all financial assets and financial liabilities measured and held at fair value mature within the active period. For trades currently assessed using valuation techniques outside the trading system, the Directors have determined Level 3 as the appropriate level.

(b) Valuation techniques used to derive Level 2 and 3 fair values and valuation process

Level 2 foreign exchange derivatives comprise forward foreign exchange contracts which are fair valued using forward exchange rates that are quoted in an active market.

Level 2 energy derivatives are fair valued by comparing and discounting the difference between the expected contractual cash flows for the relevant commodities and the quoted prices for those commodities in an active market. The average discount rate applied to value this type of contract during 2021 was 1% per annum (2020: 1% per annum).

For Level 3 energy derivatives, the main input used by the Company pertains to deriving expected future commodity prices in markets that are not active as far into the future as some of our contractual terms. The active period for the UK Gas, Power and Oil markets is deemed to be 4 years, and Emissions 3 years. Fair values are then calculated by comparing and discounting the difference between the expected contractual cash flows and these derived future prices using an average discount rate of 1% per annum (2020: 1%).

21 Fair value of financial instruments (continued)

Because the Level 3 energy derivative valuations involve the prediction of future commodity market prices, sometimes a long way into the future, reasonably possible alternative assumptions for gas, power, coal, emissions or oil prices may result in a higher or lower fair value for Level 3 financial instruments. Given the relative size of the volumetric exposures and these fair values, it is unlikely that the impact of these reasonably possible changes would be significant because there are hedging contracts in place for the majority of these level 3 energy derivatives. These hedging contracts are disclosed in the level 2 derivatives and offset against the level 3 derivatives that they relate to.

The Group's valuation process includes specific teams of individuals that perform valuations of the Group's derivatives for financial reporting purposes, including Level 3 valuations. The Group has an independent team that derives future commodity price curves based on available external data and these prices feed into the energy derivative valuations, subject to adjustments to ensure they are compliant with IFRS 13: 'Fair value measurement'. The price curves are subject to review and approval by the Group's Executive Committee and valuations of all derivatives, together with other contracts that are not within the scope of IFRS 9, are also reviewed regularly as part of the overall risk management process.

Where the fair value at initial recognition for contracts which extend beyond the active period differs from the transaction price, a day-one gain or loss will arise. Such gains and losses are deferred and amortised to the Income Statement based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available. The amount that has yet to be recognised in the Company Income Statement relating to the differences between the transaction prices and the amounts that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases, is as follows:

	2021	2020
Net deferred gains/(losses)	**£ 000**	**£ 000**
1 January	-	(1,556)
Recognised in the Income Statement during the year	-	1,556
31 December	-	-

21 Fair value of financial instruments (continued)

Financial assets and liabilities subject to offsetting, master netting arrangements and similar arrangements

	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments offset in the Company Statement of Financial Position	Net amounts presented in the Company Statement of Financial Position	Related amounts not offset in the Company Statement of Financial Position (i)		
				Financial instruments	Collateral	Net amount
31 December 2021	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Derivative financial assets	31,240,241	(24,323,467)	6,916,774	(1,080,713)	(1,028,861)	4,807,200
Derivative financial liabilities	(31,251,988)	24,323,467	(6,928,522)	1,080,732	184,200	(5,663,590)
Total derivatives	(11,748)	-	(11,748)	19	(844,661)	(856,930)
Accrued energy income	7,744,010	(5,747,359)	1,996,650	(242,484)	-	1,754,167
Accruals for commodity costs	(7,635,995)	5,747,359	(1,888,636)	242,484	-	(1,646,152)
Total commodity accruals	108,015	-	108,015	-	-	108,015

21 Fair value of financial instruments (continued)

				Related amounts not offset in the Company Statement of Financial Position (i)		
	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments offset in the Company Statement of Financial Position	Net amounts presented in the Company Statement of Financial Position	Financial instruments	Collateral	Net amount
31 December 2020	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Derivative financial assets	4,651,642	(3,726,541)	925,101	(242,983)	(52,850)	629,268
Derivative financial liabilities	(4,571,620)	3,726,541	(845,079)	242,983	-	(602,096)
Total derivatives	80,022	-	80,022	-	(52,850)	27,172
Accrued energy income	4,462,387	(3,875,133)	587,254	(167,605)	-	419,649
Accruals for commodity costs	(4,448,516)	3,875,133	(573,383)	167,605	-	(405,778)
Total commodity accruals	13,871	-	13,871	-	-	13,871

(i) The Company has arrangements in place with various counterparties in respect of commodity trades which provide for a single net settlement of all financial instruments covered by the arrangement in the event of default or termination, or other circumstances arising whereby either party is unable to meet its obligations. The above table shows the potential impact of these arrangements being enforced by offsetting the relevant amounts within each Company Statement of Financial Position class of asset or liability.

22 Parent and ultimate parent undertaking

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

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

The registered address of Centrica plc is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD.

23 Non adjusting events after the financial period

On 2 March 2022, in response to the Russian invasion of Ukraine, Centrica plc announced its intention to exit gas supply agreements with Russian businesses. The Company's trading exposures to Russian counterparties are being continuously monitored by the business, although the biggest risk is the impact on global commodity prices. The impact of the Ukraine conflict on the Group and the Company is discussed further in the Strategic Report on page 2.

On 7 June 2022 the Company's subsidiary undertaking, Centrica Energy Trading Limited (CETL), entered liquidation. For further information about the interim dividend and return of capital to the Company during 2021 that preceded CETL entering liquidation, please see note 12.