

Registered Number: 02949541

Humberland Limited

**Annual report and Financial Statements
For the year ended 31 December 2011**



Humberland Limited

Annual report and Financial Statements for the year ended 31 December 2011

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Humberland Limited

Directors' report for the year ended 31 December 2011

The Directors present their report and the audited financial statements of Humberland Limited ("the Company") for the year ended 31 December 2011

Principal activities

The Company's principal activity during the year was the leasing of a 1,250 MW gas-fired power station at Stallingborough, North East Lincolnshire, known as the South Humber Bank Power Station, to Centrica SHB Limited

Business review

During the year, Humberland Limited continued its activity of leasing the gas-fired power station to its immediate parent company, Centrica SHB Limited

Future developments

There are no plans to change the nature of the Company's leasing activities in the foreseeable future. A similar profile to 2011 is expected in the coming year

Principal risks and uncertainties and financial risk management

The principal risks and uncertainties are integrated with the principal risks of the Centrica plc group ("the Group") and are not managed separately. The principal risks of the Group are set out on pages 36-40 of the 2011 annual report and accounts of the Group which does not form part of this report

Key performance indicators

The Directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are discussed on pages 12-13 of the 2011 annual report and accounts of the Group which does not form part of this report

Results and dividends

The results of the Company are set out on page 4

During the year the Company made a profit on ordinary activities of £56,969,000 (2010 £52,315,000). No dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2010 £nil)

Financial position

The financial position of the Company is presented in the balance sheet on page 5. The shareholders' funds at 31 December 2011 were £216,041,000 (2010 £159,072,000)

Directors

The following served as Directors during the year and up to the date of signing this report

Graeme Collinson

Sarwjit Sambhi

John Watts

Thomas Hinton

Creditor payment policy

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

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

Humberland Limited

Directors' report for the year ended 31 December 2011 (continued)

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review. 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 Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 then 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.

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 they have taken all the 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.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the Board on 27 June 2012.



For and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No 02949541

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Humberland Limited

Independent auditors' report to the members of Humberland Limited

We have audited the financial statements of Humberland Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
29 June 2012

Humberland Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover		75	75
Cost of sales		-	-
Gross profit		<u>75</u>	<u>75</u>
Administrative expenses		(42)	(42)
Operating profit	3	<u>33</u>	<u>33</u>
Interest receivable and similar income	6	50,357	51,470
Interest payable and similar charges	7	(301)	(229)
Profit on ordinary activities before taxation		<u>50,089</u>	<u>51,274</u>
Tax on profit on ordinary activities	8	6,880	1,041
Profit for the financial year	15	<u><u>56,969</u></u>	<u><u>52,315</u></u>

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

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

All results relate to continuing operations

The notes on pages 6 to 13 form part of these financial statements

Humberland Limited

Balance sheet as at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	2,210	2,210
Current assets			
Debtors - amounts falling due within one year	10	246,626	183,479
Debtors - amounts falling due after more than one year	11	483,824	496,549
		<u>730,450</u>	<u>680,028</u>
Creditors - amounts falling due within one year	12	(412,657)	(412,324)
		<u>317,793</u>	<u>267,704</u>
Net current assets			
		<u>317,793</u>	<u>267,704</u>
Total assets less current liabilities		<u>320,003</u>	<u>269,914</u>
Provisions for liabilities	13	(103,962)	(110,842)
		<u>216,041</u>	<u>159,072</u>
Net assets			
		<u>216,041</u>	<u>159,072</u>
Capital and reserves			
Called up share capital	14	-	-
Revaluation reserve	15	842	842
Profit and loss account	15	215,199	158,230
		<u>216,041</u>	<u>159,072</u>
Total shareholders' funds	16	<u>216,041</u>	<u>159,072</u>

The notes on pages 6 to 13 form part of these financial statements

The financial statements on pages 4 to 13 were approved and authorised for issue by the Board of Directors on 27 June 2012 and were signed on its behalf by


Thomas Hinton
Director

Humberland Limited

Notes to the financial statements for the year ended 31 December 2011

1. Statement of accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and the applicable United Kingdom accounting standards. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Turnover

Turnover is recognised on an accruals basis and relates to operating lease income from a fellow Group undertaking.

Tangible assets

Tangible assets, with the exception of freehold land, are stated at cost. During 1995 the Company's freehold land was valued by the directors on an open market, existing use basis. No further valuations will be carried out in the future, though the existing valuation will be retained.

Tangible assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on all fixed assets, other than freehold land. Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows:

- Plant, machinery and equipment 4 years

Finance lease receivables

From the point at which each phase of the power station became operational, assets were leased to the Company's parent undertaking under an agreement, which transfers substantially all the risks and rewards of ownership, other than legal title. Income arising under this agreement is allocated according to accounting years so as to give a constant rate of return on the net cash investment in the lease.

Deferred taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profits will be available against which the unused tax losses can be utilised.

Humberland Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1. Statement of accounting policies (continued)

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2. Cash flow statements and related party disclosures

The Company is a wholly-owned subsidiary of Centrica SHB Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

3. Operating profit

	2011 £000	2010 £000
Operating profit is stated after charging:		
Services provided by the Company's auditors		
Fees payable for the audit	<u>8</u>	<u>8</u>

Auditors' remuneration totalling £7,600 (2010: £8,000) relates to fees for the audit of the UK GAAP statutory accounts of Humberland Limited and includes fees in relation to the audit of the IFRS group consolidation schedules, for the purpose of the Centrica Group audit, which also contribute to the audit of Humberland Limited.

4. Directors' emoluments

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other Centrica plc subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements.

5. Employee information

The Company has no direct employees (2010: nil).

Humberland Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6. Interest receivable and similar income

	2011	2010
	£000	£000
Intra-Group finance lease interest	<u>50,357</u>	<u>51,470</u>

7. Interest payable and similar charges

	2011	2010
	£000	£000
Interest payable to Group undertakings	<u>301</u>	<u>229</u>

Humberland Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

8. Tax on profit on ordinary activities

	2011 £000	2010 £000
(a) Analysis of tax charge in the year		
The tax charge comprises		
Current tax:		
UK corporation tax at 26.5% (2010: 28%)	-	-
Deferred tax:		
Effect of change to deferred tax rate	(8,290)	(4,105)
Origination and reversal of timing differences	<u>1,410</u>	<u>3,064</u>
Tax on profit on ordinary activities	<u>(6,880)</u>	<u>(1,041)</u>

(b) Factors affecting the tax charge for the year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2011 £000	2010 £000
Profit on ordinary activities before tax	50,089	51,274
Tax on profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	13,274	14,357
Effects of		
Expenses not deductible for tax purposes	-	-
Capital allowances in excess of depreciation	(4,495)	(5,937)
Other timing differences	3,085	2,873
Group relief for nil consideration	(10,795)	(10,187)
UK UK transfer pricing adjustments	<u>(1,069)</u>	<u>(1,106)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

A number of changes to the UK corporation tax system were announced in the March 2011 and the March 2012 Budget Statements. The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. Beyond the reduction to 25%, the changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements. The impact of these proposed further reductions on the deferred tax balances would be a £12.5m decrease.

Humberland Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9. Tangible assets

	Freehold land £000	Plant, machinery and equipment £000	Total £000
Cost or valuation			
At 1 January 2011	2,210	-	2,210
At 31 December 2011	2,210	-	2,210
Accumulated depreciation			
At 1 January 2011	-	-	-
At 31 December 2011	-	-	-
Net book amount			
At 31 December 2011	2,210	-	2,210
At 31 December 2010	2,210	-	2,210

The Company's freehold land was valued by the directors on 31 March 1995 and is included at this valuation above. The historical cost and net book value of the Company's freehold land at 31 December 2011 was £1,362,000 (2010 £1,362,000). The Company has adopted the transitional provisions of Financial Reporting Standard No 15 – "Tangible Fixed Assets" and as a result no further valuations will be carried out and previous surpluses will be retained.

Humberland Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

10. Debtors – amounts falling due within one year

	2011 £000	2010 £000
Net investment in intra-Group finance leases	12,725	11,641
Amounts owed by parent undertaking	233,901	171,828
Prepayments and accrued income	-	10
	<u>246,626</u>	<u>183,479</u>

Amounts owed by Group undertakings are unsecured and repayable on demand

11. Debtors – amounts falling due after more than one year

	2011 £000	2010 £000
Net investment in intra-Group finance leases	<u>483,824</u>	<u>496,549</u>
Maturity of net investment in intra-Group finance leases		
	2011 £000	2010 £000
Less than one year	12,725	11,641
Between one and five years	66,423	60,051
Over five years	<u>417,401</u>	<u>436,498</u>
	<u>496,549</u>	<u>508,190</u>

12. Creditors – amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to Group undertakings	<u>412,657</u>	<u>412,324</u>

The amounts payable to Group undertakings include £14,222,000 (2010 £14,222,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 1.71% and 2.71% per annum during 2011 (2010 1.32% and 2.11%). The other amounts receivable from Group undertakings are interest-free. All amounts payable to and receivable from Group undertakings are unsecured and repayable on demand.

Humberland Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

13. Provisions for liabilities

	Deferred taxation £000
At 1 January 2011	110,842
Profit and loss charge	<u>(6,880)</u>
At 31 December 2011	<u>103,962</u>

Deferred corporation tax asset at 25% (2010 27%) is analysed as follows

	Provided		Unprovided	
	This period £000	Last period £000	This period £000	Last period £000
Deferred corporation tax				
- accelerated capital allowances	(16,964)	(22,901)	-	-
- other timing differences	120,926	133,743	-	-
	<u>103,962</u>	<u>110,842</u>	<u>-</u>	<u>-</u>

14. Called up share capital

	2011 £	2010 £
Allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
At 1 January 2011	842	158,230	159,072
Profit for the financial year	<u>-</u>	<u>56,969</u>	<u>56,969</u>
At 31 December 2011	<u>842</u>	<u>215,199</u>	<u>216,041</u>

Humberland Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

16. Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Profit for the financial year	56,969	52,315
Opening shareholders' funds	159,072	106,757
Closing shareholders' funds	216,041	159,072

17. Composite debenture

On 26 March 2009, the Company and its immediate parent company, Centrica SHB Limited, entered into a composite debenture, whereby they each created security in favour of three Centrica pension schemes over all of their assets and undertakings. The composite debenture creates a fixed and floating charge over all of the assets of Humberland Limited and Centrica SHB Limited (effectively the Humber Power Station), whereby the trustees of the pension funds can, in the event of a defined event of default by Centrica plc and certain other Centrica group companies, enforce their security, ultimately through taking over the operation of the Humber Power Station and selling it as a going concern.

The composite debenture charges the real property which constitutes Humber Power Station and all its fixtures and fittings, the benefit of certain contractual interests held by Humberland Limited and Centrica SHB Limited (such as insurance policies, intra-Group company loans and key operational and commercial contracts) and the shares which GB Gas Holdings Limited holds in Centrica SHB Limited, and the shares which Centrica SHB Limited holds in Humberland Limited.

18. Capital and other commitments

Contracted future capital expenditure as at 31 December 2011 was £nil (2010: £nil).

19. Ultimate parent undertaking

The Company's immediate parent undertaking is Centrica SHB Limited, a company registered in England and Wales.

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