

Registration number: 03186121

# **GB Gas Holdings Limited**

**Annual Report and Financial Statements**

for the Year Ended 31 December 2015

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# **GB Gas Holdings Limited**

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# **GB Gas Holdings Limited**

## **Strategic Report for the Year Ended 31 December 2015**

The Directors present their Strategic Report for GB Gas Holdings Limited (the 'Company') for the year ended 31 December 2015.

### **Review of the business**

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosures Framework ('FRS 101'). The Company's transition date to FRS 101 was 1 January 2014 and comparatives have been restated accordingly. For details of the transition to FRS 101 and the effect of the change on the Company's financial position, see note 2 and 24.

The results of the Company are set out on page 9. The Company's loss for the financial year was £80,034,000 (2014: loss £206,354,000) including impairments of £654,141,000 (2014: £1,365,289,000) of which £657,789,000 is against investments and £3,648,000 write back of inter-company receivables. Dividends received in the year amounted to £729,000,000 (2014: £1,178,602,000). Interim dividends of £729,000,000 were paid during the year (2014: £1,770,000,000). The Directors do not recommend the payment of a final dividend (2014: £nil).

The financial position of the Company is presented in the Statement of Financial Position (the 'balance sheet') on page 11. Total equity at 31 December 2015 was £2,903,143,000 (2014: £712,177,000)

On 20 November 2015, the Company issued one share to Centrica Holdings Limited for £3,000,000,001. The share had a nominal value of £1 and a premium of £3,000,000,000. The Company then reduced its share premium account by £3,000,000,000.

On 30 November 2015, the Company borrowed £2,000,000,000 from Centrica Holdings Limited.

On 27 March 2015 the Company subscribed for 1 ordinary share of £1 at a subscription price of £2,081,820,000 in the share capital of Centrica Lake Limited. This investment was impaired by £232,742,000 after a review of the Company's trading position.

The Company's investment in Centrica Overseas Holdings Limited has been impaired by £259,605,000 as a result of a reduction in its net assets.

The Company has investments in a number of subsidiaries that operate North Sea oil and gas field businesses (Centrica Resources (Armada) Limited, Centrica North Sea Gas Limited, Centrica North Sea Oil Limited, Centrica Production (Services) Limited) and there has been a further decline in the value of these businesses leading to a net impairment against these investments of £161,331,000 (2014: £1,132,950,000).

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties that the Company is exposed to are interest rate risks linked to the Centrica plc Group's (the 'Group') cost of funds. As the interest rate risks relate to transactions with other Group companies they are not actively managed by the Company. Centrica plc manages the interest rate risk on long-term borrowings in line with the Group policy by ensuring that the exposure to floating point interest rates remain in the range 30% to 70%, including the impact of interest rate derivatives.

The principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 38 - 42 of the Group's 2015 Annual Report and Accounts which does not form part of this report. Copies of the Annual Report of Centrica plc may be obtained from [www.centrica.com](http://www.centrica.com).

## **GB Gas Holdings Limited**

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

#### **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 business are net assets and results after tax and these are shown above.

#### **Future developments**

The Directors intend that the Company will continue to act as an investment holding company, manage the Group's property portfolio and provide funding for certain power station assets for the foreseeable future.

#### **Important non adjusting events after the financial year end**

In June, a UK referendum resulted in a vote for the country to leave the European Union and the resultant uncertainty adds to the challenges for UK businesses in all sectors. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates and interest rates. These movements could impact, amongst other things, the translational value of our overseas subsidiaries (for example North America), and other assets, and the carrying value and cost of servicing our debt. Sensitivity analysis associated with the Group's exposure to currency, interest rate and commodity price risk was included in note S3 of the Group's consolidated financial statements for 2015. Overall, we judge the direct impacts on the Group and the Company specifically to be minimal in the short term.

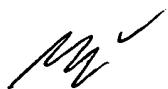
In April 2016 the Company sold its investment in Power Plus Communication AG.

On 13 May 2016 the Company acquired all the issued share capital of ENER-G Cogen International Limited for £149,297,000. The Company also entered into a 10 year lease in relation to premises of ENER-G Cogen International Limited.

On 27 June 2016 the Company purchased one ordinary share in the share capital of Centrica LNG Limited for £155,000,000.

During 2016 as part of a Group rationalisation of dormant subsidiary undertakings some of these entities were placed into liquidation, as identified in the list related undertakings in note 20, and as part of this process the Company received dividends in 2016 of £35,596,000.

Approved by the Board on 29 September 2016 and signed on its behalf by:



.....  
Company Secretary

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

Company registered in England and Wales, No. 03186121  
Registered office:

Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

## **GB Gas Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2015**

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

#### **Directors of the Company**

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

I G Dawson

J Bell

A S Page

#### **Results and dividends**

The results of the Company are set out on page 9. The loss for the financial year ended 31 December 2015 is £80,034,000 (2014: loss £206,354,000) including impairments £654,141,000 (2014: £1,365,289,000). Dividends received in the year amounted to £729,000,000 (2014: £1,178,602,000). Interim dividends of £729,000,000 were paid during the year (2014: £1,770,000,000). The directors do not recommend a final dividend payment (2014:Nil).

#### **Future developments**

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

#### **Post balance sheet events**

Post balance sheet events are detailed in note 23 of the financial statements.

#### **Going concern**

The financial statements have been prepared on a going concern basis as Centrica plc, the ultimate parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after the financial statements were authorised.

#### **Directors' and Officers' liabilities**

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

## **GB Gas Holdings Limited**

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

#### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to the auditors**

Each of the Directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **GB Gas Holdings Limited**

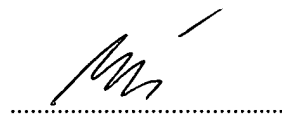
### **Directors' Report for the Year Ended 31 December 2015 (continued)**

#### **Statement of Directors' Responsibilities (continued)**

##### **Reappointment of auditors**

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

Approved by the Board on 29 September 2016 and signed on its behalf by:



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

Company registered in England and Wales, No. 03186121  
Registered office:

Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# **GB Gas Holdings Limited**

## **Independent Auditors' Report to the Members of GB Gas Holdings Limited**

### **Report on the financial statements**

#### ***Our opinion***

In our opinion, GB Gas Holdings Limited's financial statements (the 'financial statements'):

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

#### ***What we have audited***

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

- the statement of financial position as at 31 December 2015;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

#### **Other matters on which we are required to report by exception**

##### ***Adequacy of accounting records and information and explanations received***

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

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

We have no exceptions to report arising from this responsibility.



## **GB Gas Holdings Limited**

### **Independent Auditors' Report to the Members of GB Gas Holdings Limited (continued)**

#### ***Directors' remuneration***

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

#### **Responsibilities for the financial statements and the audit**

##### ***Our responsibilities and those of the directors***

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

##### **What an audit of financial statements involves**

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

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

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

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

## **GB Gas Holdings Limited**

### **Independent Auditors' Report to the Members of GB Gas Holdings Limited (continued)**

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

.....  
Alan Walsh (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
London

29 September 2016

## GB Gas Holdings Limited

### Income Statement for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Operating costs	4	(62,361)	(49,974)
Exceptional items - impairment charges	5	(654,141)	(1,365,289)
Other income	6	<u>53,285</u>	<u>53,200</u>
Operating loss		<u>(663,217)</u>	<u>(1,362,063)</u>
Income from shares in group undertakings	8	729,000	1,178,602
Finance income	8	38,368	17,042
Finance cost	8	<u>(217,454)</u>	<u>(52,751)</u>
		<u>549,914</u>	<u>1,142,893</u>
Loss before income tax		(113,303)	(219,170)
Income tax expense	10	<u>33,269</u>	<u>12,816</u>
Loss for the financial year		<u><u>(80,034)</u></u>	<u><u>(206,354)</u></u>

The above results were derived from continuing operations.

## **GB Gas Holdings Limited**

### **Statement of Comprehensive Income for the Year Ended 31 December 2015**

	<b>2015</b> <b>£ 000</b>	<b>2014</b> <b>£ 000</b>
Loss for the financial year	<u>(80,034)</u>	<u>(206,354)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive cost for the year	<u><u>(80,034)</u></u>	<u><u>(206,354)</u></u>

The notes on pages 13 to 50 form an integral part of these financial statements.

# GB Gas Holdings Limited

## Statement of Financial Position as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	11	22,464	23,969
Investments	12	8,240,148	6,826,868
Trade and other receivables	13	4,622	9,831
Deferred tax assets	10	785	83
		<u>8,268,019</u>	<u>6,860,751</u>
<b>Current assets</b>			
Trade and other receivables	13	755,056	2,889,726
Deferred tax asset	10	915	488
Cash and cash equivalents		1,632	5,456
		<u>757,603</u>	<u>2,895,670</u>
<b>Total assets</b>		<u>9,025,622</u>	<u>9,756,421</u>
<b>Current liabilities</b>			
Trade and other payables	14	(4,976,395)	(7,919,882)
Current tax liabilities		(1,146)	-
Provisions	15	(5,303)	(8,609)
		<u>(4,982,844)</u>	<u>(7,928,491)</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		(335)	(218)
Trade and other payables	14	(1,127,045)	(1,101,070)
Provisions	15	(12,255)	(14,465)
		<u>(1,139,635)</u>	<u>(1,115,753)</u>
<b>Total liabilities</b>		<u>(6,122,479)</u>	<u>(9,044,244)</u>
<b>Net assets</b>		<u>2,903,143</u>	<u>712,177</u>
<b>Equity</b>			
Called up share capital	16	1,473	1,473
Share premium account		500,000	500,000
Retained earnings		2,401,670	210,704
<b>Total equity</b>		<u>2,903,143</u>	<u>712,177</u>

The financial statements on pages 9 to 50 were approved and authorised for issue by the Board of Directors on 29 September 2016 and signed on its behalf by:



J Bell  
Director  
Company number 03186121

The notes on pages 13 to 50 form an integral part of these financial statements.

## GB Gas Holdings Limited

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

	Called up share capital £ 000	Share premium account £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2015	1,473	500,000	210,704	712,177
Loss for the financial year	-	-	(80,034)	(80,034)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(80,034)	(80,034)
Dividends	-	-	(729,000)	(729,000)
Share issue	-	3,000,000	-	3,000,000
Capital reduction	-	(3,000,000)	3,000,000	-
At 31 December 2015	1,473	500,000	2,401,670	2,903,143

	Called up share capital £ 000	Share premium account £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2014	1,473	500,000	2,187,058	2,688,531
Loss for the financial year	-	-	(206,354)	(206,354)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(206,354)	(206,354)
Dividends	-	-	(1,770,000)	(1,770,000)
At 31 December 2014	1,473	500,000	210,704	712,177

As described in note 12, for distributable reserves purposes, reserves are considered to exclude unrealised losses of £1,979,740,000 (2014: £1,321,950,000).

# **GB Gas Holdings Limited**

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

### **1 General information**

GB Gas Holdings Limited (the 'Company') is a company limited by share capital incorporated and domiciled in the United Kingdom.

These Financial Statements were authorised for issue by the Board on 29 September 2016.

### **2 Accounting policies**

#### **Basis of preparation**

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements as it's a wholly-owned subsidiary of Centrica plc. These financial statements present information about the Company as an individual undertaking and not about its group, and have been prepared on a going concern basis, as described in the Directors' Report.

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

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has effected the reported financial position and financial performance of the Company is provided in note 24.

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

- Leases - on transition to FRS 101, the assessment of whether arrangements contain a lease or not is performed based on facts and circumstances existing at the date of transition.

## **GB Gas Holdings Limited**

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

#### **2 Accounting policies (continued)**

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

- A cash flow statement and related notes;
- Comparative period reconciliation of tangible fixed assets and intangible assets;
- Comparative period reconciliations for share capital;
- Disclosures in respect of related parties transactions with wholly-owned subsidiaries;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

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

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

As the consolidated financial statements of Centrica plc 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 instrument disclosures* have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

These financial statements are presented in pounds sterling with all values rounded to the nearest thousand pounds except when otherwise indicated, which is 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.

#### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 January 2015 have had a material effect on the financial statements.

#### **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.



## **GB Gas Holdings Limited**

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

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

Property income: Property costs are incurred and recharged to Group companies on an accrual basis. The recharge of property costs to Group companies is allocated based on direct occupation of the building.

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.

##### **Dividend income**

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

##### **Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset or assets. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised and included in property, plant and equipment at their fair value, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The obligations relating to finance leases, net of finance charges in respect of future periods, are included within bank loans and other borrowings, with the amount payable within 12 months included in bank overdrafts and loans within current liabilities.

Lease payments are apportioned between finance charges and reduction of the finance lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Payments under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

## **GB Gas Holdings Limited**

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

#### **2 Accounting policies (continued)**

##### **Foreign currencies**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing at the reporting period date, and associated gains and losses are recognised in the income statement for the period, 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 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 monetary securities denominated in foreign currency 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, UK petroleum revenue tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in 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 balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill 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, joint ventures and associates, 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.

## **GB Gas Holdings Limited**

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

#### **2 Accounting policies (continued)**

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

PP&E is included in the statement of financial position at cost, less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Subsequent expenditure in respect of items of PP&E such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day servicing, repairs and maintenance, is expensed as incurred.

Freehold land is not depreciated. Other PP&E, with the exception of upstream production assets (for which the 'unit of production method' is used), are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives.

##### **Depreciation**

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold and leasehold buildings	Straight line, up to 50 years
Plant	Straight line, between 5 and 20 years
Equipment and vehicles	Straight line, between 3 and 10 years

Assets held under finance leases are depreciated over their expected useful economic lives on the same basis as for owned assets, or where shorter, the lease term.

The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary changes are accounted for prospectively.

## **GB Gas Holdings Limited**

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

#### **2 Accounting policies (continued)**

##### **Investments in subsidiaries**

Fixed asset investments in subsidiaries' shares are held at cost in accordance with IAS 27, less any provision for impairment as necessary.

##### **Impairment review of non financial assets**

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ('CGU').

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

##### **Interest in joint arrangements and associates**

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Associates are investments over which the Company has significant influence but not control or joint control, and generally holds between 20% and 50% of the voting rights. The Company's joint ventures and associates are accounted for at cost in accordance with IAS 27, less any provision for impairment as necessary.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Where discounting is used, the increase in the provision due to the passage of time is recognised in the income statement within interest expense. Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

## **GB Gas Holdings Limited**

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

#### **2 Accounting policies (continued)**

##### **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.

##### **(a) Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the effective interest rate ('EIR') (although in practice the discounting is often immaterial) less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group may not be able to collect the trade receivable. Balances are written off when recoverability is assessed as being remote. If collection is due in one year or less receivables are classified as current assets. If not they are presented as non-current assets.

##### **(b) Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR 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.

##### **(c) 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.

##### **(d) 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.

##### **(e) Interest-bearing loans and other borrowings**

All interest-bearing (and interest free) loans and other borrowings with banks or and similar institutions and 'intercompany entities' are initially recognised at fair value net of directly attributable transaction costs (if any, in respect of 'intercompany funding'). After initial recognition, these financial instruments are measured at amortised cost using the EIR method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's income statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

# GB Gas Holdings Limited

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

### 2 Accounting policies (continued)

#### (f) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, which are recognised initially at fair value within the Company's statement of financial position. Available-for-sale financial assets are re-measured subsequently at fair value with gains and losses arising from changes in fair value recognised directly in equity and presented in the Company's statement of comprehensive income, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement of the period. Accrued interest or dividends arising on available-for-sale financial assets are recognised in the income statement.

At each balance sheet date the Company assesses whether there is objective evidence that available-for-sale financial assets are impaired. If any such evidence exists, cumulative losses recognised in equity are removed from equity and recognised in the income statement. The cumulative loss removed from equity represents the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement. Impairment losses recognised in the income statement for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

#### Exceptional items

Exceptional items are those items which are of a non-recurring nature and, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include disposals of businesses, onerous contract charges and asset write-downs/impairments.

### 3 Critical accounting judgements and key sources of estimation uncertainty

#### Investment in subsidiaries, associates and joint-ventures

A key accounting judgement of the Company is the carrying value of its investments in subsidiary undertakings, joint ventures, trade investments and receivables from these undertakings. The impairment review process identified that the carrying value of some investments were not fully supported and were impaired by £2,294,377,000 (2014: £1,636,587,000). Receivables from group undertakings £2,455,000 (2014: £232,554,000) were not fully recoverable.

### 4 Analysis of costs by nature

	2015 Total costs £ 000	2014 Total costs £ 000
Property costs	57,531	45,685
Other costs	1,653	1,150
Depreciation	3,177	3,139
	<u>62,361</u>	<u>49,974</u>

## GB Gas Holdings Limited

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

#### 5 Exceptional items - impairment charges

The following exceptional items were recognised in arriving at operating loss of the reporting period:

	2015 £ 000	2014 £ 000
Impairment charges	654,141	1,365,289
	<b>2015</b>	<b>2014</b>
	<b>£ 000</b>	<b>£ 000</b>
Investment in Centrica Overseas Holdings Limited	259,605	-
Investment in Centrica Langage Limited	-	11,800
Investment in Centrica Lake Limited	232,742	-
Investment in Power Plus Communications Limited	4,111	-
Investments in Upstream businesses	161,331	1,132,950
<b>Total impairments</b>	<b>657,789</b>	<b>1,144,750</b>
Receivable from Centrica Lake Limited	(6,081)	164,801
Receivable from Centrica Langage Limited	-	3,435
Receivable from Centrica KPS Limited	2,455	15,863
Receivable from Centrica KL Limited	-	2,956
Receivable from Centrica Resources Limited	-	33,484
Centrica KL Limited	(22)	-
<b>Total receivables</b>	<b>(3,648)</b>	<b>220,539</b>
<b>Total impairments</b>	<b>654,141</b>	<b>1,365,289</b>

#### 6 Other income

The analysis of the company's other income for the year is as follows:

	2015 £ 000	2014 £ 000
Gain from disposal of investments	4,734	-
Other operating income	48,551	53,200
	<b>53,285</b>	<b>53,200</b>

Other operating income substantially represents fees charged to Group companies to recover the costs of the Group property portfolio. These charges are allocated based on the occupation of the properties for which these costs are incurred.

#### 7 Employees' costs

There were no employees of the Company during the year ended 31 December 2015 (2014: Nil).

In respect of the Directors' remuneration, refer to note 21 'related party transactions'.

## GB Gas Holdings Limited

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

#### 8 Net finance income/cost

##### Finance income

	2015 £ 000	2014 £ 000
Interest income from amounts owed by group undertakings	29,251	4,985
Dividend income from group undertakings	729,000	1,178,602
Net foreign exchange gains on financing transactions	9,117	12,057
<b>Total finance income</b>	<b>767,368</b>	<b>1,195,644</b>

##### Finance interest

	2015 £ 000	2014 £ 000
Interest on amounts owed to group undertakings	(217,454)	(52,571)
Other finance costs	-	(180)
	<b>(217,454)</b>	<b>(52,751)</b>
<b>Total finance cost</b>	<b>(217,454)</b>	<b>(52,751)</b>
<b>Net finance income</b>	<b>549,914</b>	<b>1,142,893</b>

Dividend income from group undertakings is detailed as follows:

	2015 £000s	2014 £000s
British Gas Insurance Limited	60,000	90,000
British Gas Services Limited	69,000	69,000
British Gas Trading Limited	550,000	550,000
British Gas New Heating Limited	50,000	-
Centrica North Sea Limited (formerly Centrica Home & Wren Limited)	-	400,000
Centrica Finance Investments Limited	-	7,602
Centrica Insurance Company Limited	-	20,000
Home Assistance UK Limited	-	2,000
Lake Acquisitions Limited	-	40,000
	<b>729,000</b>	<b>1,178,602</b>



## GB Gas Holdings Limited

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

#### 9 Auditors' remuneration

Auditors' remuneration totalling £45,190 (2014: £36,000) relates to fees for the audit of the statutory financial statements of the Company and includes fees in relation to the audit of the IFRS Group consolidation schedules, for the purpose of the Centrica plc Group audit and which also contributes to the audit of the Company.

The prior year figures for auditors' remuneration have been amended to reflect the allocation of fees in relation to the audit of the IFRS Group consolidation schedules, for the purpose of the Centrica plc group audit. The prior year auditors' remuneration figure has been restated to £36,000 (previously disclosed £17,000).

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 Statements of its ultimate parent, Centrica plc.

#### 10 Income tax

Tax charged/(credited) in the income statement

	2015 £ 000	2014 £ 000
<b>Current taxation</b>		
UK Corporation tax at 20.25% (2014: 21.49%)	35,104	8,536
UK corporation tax adjustment to prior periods	(2,847)	4,098
	<u>(32,257)</u>	<u>(12,634)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences - UK	(1,376)	(185)
Arising from changes in tax rates and laws	168	16
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	196	(13)
	<u>(1,012)</u>	<u>(182)</u>
Total deferred taxation	<u>(1,012)</u>	<u>(182)</u>
Tax receipt in the income statement	<u>(33,269)</u>	<u>(12,816)</u>

The Company earns the majority of its profits in the UK. Most of these UK activities are subject to the standard rate for UK corporation tax, which from 1 April 2015 was 20% (2014: 21%).

# GB Gas Holdings Limited

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

### 10 Income tax (continued)

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

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

	2015 £ 000	2014 £ 000
Loss before tax	(113,303)	(219,170)
Tax expense at standard UK rate 20.25% (2014: 21.49%)	(22,940)	(47,107)
<i>Effects of:</i>		
Net expenses non-deductible for tax purposes	132,653	293,444
Increase in current tax from adjustment for prior periods	3,042	(4,111)
Increase from effect of UK tax rate changes	169	62
Increase from effect of revenues exempt from taxation	(148,556)	(256,716)
Increase arising from group relief	881	-
Increase from transfer pricing adjustments	336	-
UK tax on income attributed from foreign subsidiary	1,146	1,612
Total income tax credit	(33,269)	(12,816)
<b>Deferred tax</b>		
Analysis of balance		
<b>2015</b>		<b>Asset £ 000</b>
Accelerated tax depreciation		(334)
Other items		1,700
		1,366
<b>2014</b>		<b>Asset £ 000</b>
Accelerated tax depreciation		(217)
Other items		571
		354

# GB Gas Holdings Limited

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

### 10 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2015 £ 000	Recognised in income £ 000	At 31 December 2015 £ 000
Accelerated tax depreciation	(217)	(117)	(334)
Other items	571	1,129	1,700
Net tax assets/(liabilities)	<u>354</u>	<u>1,012</u>	<u>1,366</u>

Deferred tax movement during the prior year:

	At 1 January 2014 £ 000	Recognised in income £ 000	At 31 December 2014 £ 000
Accelerated tax depreciation	(445)	228	(217)
Other items	571	-	571
Net tax assets/(liabilities)	<u>126</u>	<u>228</u>	<u>354</u>

#### Offsetting

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2015 £000	2014 £000
Net deferred tax assets	1,700	571
Net deferred tax liabilities	(334)	(217)
	<u>1,366</u>	<u>354</u>

#### Unrecognised deferred tax

	2015 £000	2014 £000
Unused tax losses	20,916	23,414

# GB Gas Holdings Limited

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

### 11 Property, plant and equipment

	Land and buildings £ 000	Other property, plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2015	29,114	35,774	64,888
Additions	-	1,672	1,672
At 31 December 2015	29,114	37,446	66,560
<b>Accumulated depreciation</b>			
At 1 January 2015	15,172	25,747	40,919
Charge for the year	995	2,182	3,177
At 31 December 2015	16,167	27,929	44,096
<b>Carrying amount</b>			
At 31 December 2015	12,947	9,517	22,464
At 31 December 2014	13,942	10,027	23,969

Included within the net book value of land and buildings above is £10,692,000 (2014 - £11,037,000) in respect of freehold land and buildings, £528,000 (2014 - £556,000) in respect of long leasehold land and buildings and £1,727,000 (2014 - £2,349,000) in respect of short leasehold land and buildings.

## GB Gas Holdings Limited

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

#### 12 Investments

	Shares in group undertakings (subsidiaries) £ 000	Participating interests (associates and JVs) £ 000	Trade Investment £000	Total £ 000
<b>Cost</b>				
At 1 January 2015	8,421,401	18,918	23,136	8,463,455
Additions	2,081,820	-	-	2,081,820
Disposals	-	(10,750)	-	(10,750)
At 31 December 2015	<u>10,503,221</u>	<u>8,168</u>	<u>23,136</u>	<u>10,534,525</u>
<b>Provision</b>				
At 1 January 2015	1,613,451	-	23,136	1,636,587
Impairments	<u>653,679</u>	<u>4,111</u>	<u>-</u>	<u>657,790</u>
At 31 December 2015	<u>2,267,130</u>	<u>4,111</u>	<u>23,136</u>	<u>2,294,377</u>
<b>Net book values</b>				
At 31 December 2015	<u>8,236,091</u>	<u>4,057</u>	<u>-</u>	<u>8,240,148</u>
At 31 December 2014	<u>6,807,950</u>	<u>18,918</u>	<u>-</u>	<u>6,826,868</u>

On 27 March 2015 the Company subscribed for 1 ordinary share of £1 at a subscription price of £2,081,820,000 in the share capital of Centrica Lake Limited. This investment was impaired by £232,742,000 after a review of the Company's trading position.

The Company's investment in Centrica Overseas Holdings Limited has been impaired by £259,605,000 as a result of a reduction in its net assets.

The Company has investments in a number of subsidiaries that operate North Sea oil and gas field businesses (Centrica Resources (Armada) Limited, Centrica North Sea Gas Limited, Centrica North Sea Oil Limited, Centrica Production (Services) Limited) and there has been a further decline in the value of these business leading to a net impairment against these investments of £161,331,000 (2014: £1,132,950,000).

On 17 March 2015 the Company disposed of its investment in Alertme.com Limited for a consideration of £15,484,000 to another Group company British Gas Trading Limited, resulting in a gain on sale of £4,734,000.

The Company's investment in Power Plus Communications Limited has been impaired by £4,111,000 as a result of a reduction in its net assets.

See note 2 "Asset impairment" for further details of the Company's impairment testing policy.

## GB Gas Holdings Limited

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

#### 12 Investments (continued)

##### Revaluation of investments

In accordance with section 841 of the Companies Act 2006, the Directors have considered the value of the fixed asset investments of the Company without actually revaluing them and are satisfied that the aggregate value of those assets at 31 December 2015 was not less than the aggregate amount (before impairment) at which they were then stated in the Company's financial statements. In accordance with sub section 4(b) the cumulative impairment charge of £1,979,740,000 (2014: £1,321,950,000) does not fall to be classified as a realised loss and therefore distributable reserves of the Company are increased by £1,979,740,000 (2014: £1,321,950,000).

#### 13 Trade and other receivables

	2015		2014	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Amounts owed by group undertakings	710,057	4,622	2,845,418	9,831
Prepayments	10,089	-	11,853	-
Other receivables	32,123	-	32,455	-
Accrued income	2,787	-	-	-
	<u>755,056</u>	<u>4,622</u>	<u>2,889,726</u>	<u>9,831</u>

Amounts owed by Group undertakings totalling £444,110,000 (2014: £2,525,929,000) incur interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. These amounts are unsecured and are repayable on demand. The interest rates were between 2.4% and 1.9% (2014: 1.7% and 1.9%).

Balances of £215,775,000 (2014: £294,266,000) are not interest bearing and are unsecured and repayable on demand.

Interest balances of £12,192,000 (2014: £528,000) are interest free.

Amounts owed by Group undertakings under an intercompany finance lease arrangement total £590,000 (2014: £14,461,000) are unsecured and incur interest at between 5.5% and 6.4% (2014: 5.5% and 6.4%).

Non-current amounts owed by Group undertakings under an intercompany finance lease arrangement total £9,259,000 (2014: £9,831,000) are unsecured repayable over 20 years from 2007 and incur interest at between 5.5% and 6.4% (2014: 5.5% and 6.4%).

The remaining balances in 2015 and 2014 are not interest bearing and are unsecured and are repayable on demand.

Amounts owed by Group undertakings are net of impairment provisions of £70,171,000 (2014: £232,539,000).

# GB Gas Holdings Limited

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

### 13 Trade and other receivables (continued)

#### Finance lease receivables

	Minimum lease payments £ 000	Finance charges £ 000	Present value £ 000
<b>2015</b>			
Within one year	1,210	(620)	590
In two to five years	4,763	(2,088)	2,675
In over five years	8,332	(1,747)	6,585
	<u>14,305</u>	<u>(4,455)</u>	<u>9,850</u>
	Minimum lease payments £ 000	Finance charges £ 000	Present value £ 000
<b>2014</b>			
Within one year	15,546	(1,085)	14,461
In two to five years	4,764	(2,247)	2,517
In over five years	9,523	(2,208)	7,315
	<u>29,833</u>	<u>(5,540)</u>	<u>24,293</u>

### 14 Trade and other payables

	<b>2015</b>		<b>2014</b>	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Accrued expenses	9,635	-	21,728	-
Amounts owed to group undertakings	4,920,197	1,101,070	7,840,163	1,101,070
Other payables	46,563	25,975	57,991	-
	<u>4,976,395</u>	<u>1,127,045</u>	<u>7,919,882</u>	<u>1,101,070</u>

## GB Gas Holdings Limited

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

#### 14 Trade and other payables (continued)

Amounts owed to Group undertakings of £509,720,000 (2014: £506,840,000) accrue interest at the 3 month LIBOR reset on a quarterly basis at the rate on the last day of the preceding quarter. The interest rates were between 0.56% and 0.58% (2014: 0.52% and 0.57%).

Amounts owed to Group undertakings of £4,180,715,000 (2014: £nil) accrue interest at a rate set by Group Treasury and based on the Group's cost of funds, are unsecured, repayable on demand with interest paid monthly. The interest rates ranged between 2.36% and 2.88% (2014: 1.69% and 1.9%).

Amounts owed to Group undertakings include £156,537,000 (2014: £7,250,905,000) which is interest free, unsecured, with no fixed date of repayment and is repayable on demand.

Amounts owed to Group undertakings include CAD 147,670,000 (£72,480,000) (2014: CAD 147,670,000 (£81,598,000)) which is interest free, unsecured, with no fixed date of repayment and is repayable on demand.

Interest balances of £745,000 (2014: £820,000) are interest free.

Non current amounts owed to Group undertakings of £1,100,570,000 (2014: £1,100,570,000) are payable in monthly instalments over periods of between 3 to 14 years and accrue interest at 7%. Interest is payable annually in arrears.

Non current amounts owed to Group undertakings of £500,000 (2014: £ 500,000) are interest free.

#### 15 Provisions

	<b>Restructuring £ 000</b>	<b>Other provisions £ 000</b>	<b>Total £ 000</b>
At 1 January 2015	20,146	2,928	23,074
Unused provision reversed	(514)	-	(514)
Provisions used	<u>(4,858)</u>	<u>(146)</u>	<u>(5,004)</u>
At 31 December 2015	<u>14,774</u>	<u>2,782</u>	<u>17,556</u>
Non-current liabilities	<u>10,944</u>	<u>1,311</u>	<u>12,255</u>
Current liabilities	<u>3,828</u>	<u>1,475</u>	<u>5,303</u>

Restructuring provisions relate to onerous leases in respect of sub-let properties and are calculated as the lower of the difference between rental costs and sub-let income over the remainder of the leases and the expected cost to surrender those leases.



# GB Gas Holdings Limited

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

### 15 Provisions (continued)

#### Financial Liabilities

Included within provisions are financial liabilities of:

	Current 2015 £000	Non-current 2015 £000	Current 2014 £000	Non-current 2014 £000
Restructuring costs	3,395	8,805	6,558	11,015
Provisions other than restructuring costs	1,475	1,173	1,618	1,173
	<u>4,870</u>	<u>9,978</u>	<u>8,176</u>	<u>12,188</u>

### 16 Called up share capital

#### Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>1,473</u>	<u>1,473</u>	<u>1,473</u>	<u>1,473</u>

### 17 Dividends paid and proposed

	2015 £ 000	2014 £ 000
<i>Declared and paid during the year</i>		
Interim dividend of £494.91 (2014 - £1,201.63) per ordinary share	729,000	1,770,000

### 18 Operating leases

#### Leases as lessee

At 31 December 2015 the Company had annual commitments under non-cancellable operating leases for properties with the following maturity:

	2015 £ 000	2014 £ 000
Within one year	30,398	33,289
In two to five years	85,606	94,032
In over five years	<u>62,066</u>	<u>66,050</u>
	<u>178,070</u>	<u>193,371</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £30,846,000 (2014 - £28,639,000).

## **GB Gas Holdings Limited**

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

#### **18 Operating leases (continued)**

##### **Sublease arrangements**

Total future minimum sublease income under non-cancellable operating leases expected to be received is £9,850,000 (2014 - £13,294,000).

#### **19 Other commitments and contingencies**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other commitments	<u>-</u>	<u>30,000,000</u>

The Company had a commitment to provide additional funding to investments in subsidiary and associated companies.

##### **Other guarantees and indemnities**

At 31 December 2015 the Company had provided guarantees up to a maximum of £26,713,000 (2014: £68,646,000) to various counter-parties primarily in relation to the wholesale energy procurement activities of its subsidiaries.

At 31 December 2015 the Company had provided guarantees to its direct subsidiary British Gas Trading Limited, in respect of any obligations, commitments, undertakings, warranties or indemnities arising under energy purchase agreements within British Gas Energy Procurement Limited and Centrica Energy Management Limited. At the year end the Company's exposure in respect of these guarantees was £1,000,000,000 (2014: £1,210,000,000).

## GB Gas Holdings Limited

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

#### 20 Related undertakings

The company has related undertakings as follows:

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
1773648 Alberta Ltd.	Gas and/or oil exploration and products and/or trading	Canada	A	Ordinary shares		100
509760 Alberta Ltd. (iv)	Gas and/or oil exploration and production	Canada	Z	Ordinary shares		43
8401268 Canada Inc.	Gas and/or oil exploration and products and/or trading	Canada	B	Ordinary shares		100
Accord Energy (Trading) Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Accord Energy Limited	Dormant	United Kingdom	C	Ordinary shares	100	
AirTime Canada ULC	Home and/or commercial services	Canada	E	Ordinary shares		100
Alertme.com GmbH (ii)	Non-trading	Germany	F	Ordinary shares		100
Alertme.com Inc. (ii)	Energy management products and services	United States	G	Ordinary shares		100

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Alertme.com Ltd. (viii)	Energy management products and services	United Kingdom	C	Ordinary and preference shares		100
Atform Limited	Dormant	United Kingdom	C	Ordinary shares		100
BGPGS Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
BMS Setpoint Limited (ix)	Dormant	United Kingdom	C	Ordinary shares		100
BMS Solutions Limited	Dormant	United Kingdom	C	Ordinary shares		100
Bord Gáis Energy Limited	Energy supply and power generation	Republic of Ireland	H	Ordinary shares		100
Bowland Resources (No.2) Limited	Gas and/or oil exploration and production	United Kingdom	C	Ordinary shares		100
Bowland Resources Limited	Gas and/or oil exploration and production	United Kingdom	C	Ordinary shares		100
Brae Canada Ltd	Gas and/or oil exploration and production	Canada	A	Ordinary and preference shares		100
British Gas Direct Employment Limited	In liquidation	United Kingdom	C	Ordinary shares		100
British Gas Energy Procurement Limited	Energy supply	United Kingdom	C	Ordinary shares		100
British Gas Energy Services Limited	Energy management products and services	United Kingdom	C	Ordinary shares	100	

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
British Gas Finance Limited	Vehicle leasing	United Kingdom	C	Ordinary shares	100	
British Gas Housing Services Limited (ix)	Dormant	United Kingdom	C	Ordinary shares		100
British Gas Insurance Limited	Insurance provision	United Kingdom	C	Ordinary shares	100	
British Gas Limited	Dormant	United Kingdom	C	Ordinary shares	100	
British Gas New Heating Limited	Electrical and gas installations	United Kingdom	C	Ordinary shares	100	
British Gas Services (Commercial) Limited	Servicing and installation of heating systems	United Kingdom	C	Ordinary shares	100	
British Gas Services Limited	Home services	United Kingdom	C	Ordinary shares	100	
British Gas Social Housing Limited	Servicing and installation of heating systems	United Kingdom	C	Ordinary shares		100
British Gas Solar Limited	Dormant	United Kingdom	C	Ordinary shares		100
British Gas Trading Limited	Energy supply	United Kingdom	C	Ordinary shares	100	
Business Gas Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Caythorpe Gas Storage Limited	Gas storage	United Kingdom	I	Ordinary shares		100
Celtic Array Limited	Dormant	United Kingdom	C	Ordinary shares		50
Central Recoveries Limited	In liquidation	United Kingdom	C	Ordinary shares	100	
Centrica (BOW) Limited	Dormant	United Kingdom	C	Ordinary shares		100
Centrica (DSW) Limited	Dormant	United Kingdom	C	Ordinary shares		100

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica (IOM) Limited	Dormant	Isle of Man	J	Ordinary shares	100	100
Centrica (Lincs) Wind Farm Limited	Holding company	United Kingdom	C	Ordinary shares		100
Centrica 25 Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica 27 Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Barry Limited	Power generation	United Kingdom	C	Ordinary shares	100	
Centrica Brigg Limited	Power generation	United Kingdom	C	Ordinary shares	100	
Centrica Combined Common Investment Fund Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Delta Limited	Dormant	Isle of Man	K	Ordinary shares		100
Centrica Directors Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Electric Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Energy (Trading) Limited	Wholesale energy trading	United Kingdom	C	Ordinary shares		100
Centrica Energy Limited	Wholesale energy trading	United Kingdom	C	Ordinary shares	100	
Centrica Energy Marketing Limited	Wholesale energy trading	United Kingdom	C	Ordinary shares	100	
Centrica Energy Operations Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Energy Renewable Investments Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Energy Tolling BV	Power generation	Netherlands	L	Ordinary shares		100

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica Engineers Pension Trustees Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica F3 Developments Limited (ix)	Dormant	United Kingdom	M	Ordinary shares		100
Centrica Finance (Canada) Limited	Holding company	United Kingdom	C	Ordinary shares		100
Centrica Finance (Scotland) Limited	Holding company	United Kingdom	M	Ordinary shares	100	
Centrica Finance Investments Limited	Non-trading	United Kingdom	C	Ordinary shares	100	
Centrica Finance Limited Partnership	Group financing	United Kingdom	M	Membership interest		100
Centrica Finance Norway Limited	Investment company	Jersey	N	Ordinary shares		100
Centrica Gamma Holdings Limited	Holding company	United Kingdom	C	Ordinary shares		100
Centrica Ignite GP Limited	Investment company	United Kingdom	C	Ordinary shares	100	
Centrica Ignite LP Limited	Investment company	United Kingdom	C	Ordinary shares	100	
Centrica India Offshore Private Limited	Business services	India	O	Ordinary shares		100
Centrica Infrastructure BV	Construction, ownership and exploitation of infrastructure	Netherlands	L	Ordinary shares		100
Centrica Infrastructure Limited	Dormant	United Kingdom	M	Ordinary shares	100	
Centrica Insurance Company Limited	Insurance provision	Isle of Man	J	Ordinary and preference shares	100	
Centrica International BV	Group financing	Netherlands	L	Ordinary shares		100

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica International Coöperatief WA	Investment company	Netherlands	L	Membership interest		100
Centrica Jersey Limited	Dormant	Jersey	P	Ordinary shares		100
Centrica KL Limited	Power generation	United Kingdom	C	Ordinary shares	100	
Centrica KPS Limited	Power generation	United Kingdom	C	Ordinary shares	100	
Centrica Lake Limited	Holding company	United Kingdom	C	Ordinary shares	100	
Centrica Langage Limited	Power generation	United Kingdom	C	Ordinary shares	100	
Centrica Leasing (KL) Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Leasing (PB) Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica LNG Company Limited	LNG Trading	United Kingdom	C	Ordinary shares	100	
Centrica LNG UK Limited (ii)	Dormant	United Kingdom	C	Ordinary shares		100
Centrica LSA Trust Limited	In liquidation	United Kingdom	C	Ordinary shares	100	
Centrica Nederland BV	Holding company	Netherlands	L	Ordinary shares		100
Centrica No. 12 Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Nominees No.1 Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica North Sea Gas Exploration Limited (ix)	Dormant	United Kingdom	C	Ordinary shares		100
Centrica North Sea Gas Limited	Gas and/or oil exploration and production	United Kingdom	M	Ordinary shares	100	



## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica North Sea Limited (iii)	Gas and/or oil exploration and production	United Kingdom	C	Ordinary shares	100	
Centrica North Sea Oil Limited	Gas and/or oil exploration and production	United Kingdom	M	Ordinary shares	100	
Centrica Norway Limited (v)	Gas and/or oil exploration and production	United Kingdom	C	Ordinary shares		100
Centrica Offshore UK Limited	Gas and/or oil exploration and production	United Kingdom	I	Ordinary shares		100
Centrica Onshore Processing UK Limited	Dormant	United Kingdom	I	Ordinary shares		100
Centrica Overseas Holdings Limited	Holding company	United Kingdom	C	Ordinary shares	100	
Centrica PB Limited	Power generation	United Kingdom	C	Ordinary shares	100	
Centrica Pension Plan Trustees Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Pension Trustees Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Production (DMF) Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Production (GMA) Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Production (Services) Limited	Business services	United Kingdom	M	Ordinary shares	100	
Centrica Production Limited	Dormant	United Kingdom	M	Ordinary shares	100	

# GB Gas Holdings Limited

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

### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica Production Nederland BV	Gas and/or oil exploration and production	Netherlands	L	Ordinary Shares		100
Centrica Production Trustees Limited	Dormant	United Kingdom	M	Ordinary shares	100	
Centrica Renewable Energy Limited	Holding company	United Kingdom	C	Ordinary shares	100	
Centrica Resources (Armada) Limited	Gas and/or oil exploration and production	United Kingdom	C	Ordinary shares	100	
Centrica Resources (Norge) AS	Gas and/or oil exploration and production	Norway	R	Ordinary shares		100
Centrica Resources (UK) Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Resources Limited	Gas and/or oil exploration and production	United Kingdom	C	Ordinary shares	100	
Centrica Resources Petroleum UK Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Retail Holdings Netherlands BV	Holding company	Netherlands	L	Ordinary shares		100
Centrica RPS Limited (vi)	Power generation	United Kingdom	C	Ordinary shares	100	
Centrica Secretaries Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica SHB Limited	Power generation	United Kingdom	C	Ordinary shares	100	
Centrica Shipping Limited (ii) (vi)	Dormant	United Kingdom	C	Ordinary shares		100

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Centrica Storage Holdings Limited	Holding company	United Kingdom	I	Ordinary shares	100	
Centrica Storage Limited	Gas storage	United Kingdom	I	Ordinary shares		100
Centrica Trinidad and Tobago Limited	Business services	Trinidad and Tobago	S	Ordinary shares		100
Centrica Trust (No.1) Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Centrica Upstream Investment Limited	Dormant	United Kingdom	M	Ordinary shares	100	
CFCEPS LLP	Group financing	United Kingdom	C	Membership interest		100
CFCPP LLP	Group financing	United Kingdom	C	Membership interest		100
CFCPS LLP	Group financing	United Kingdom	C	Membership interest		100
CH4 Energy Limited	Dormant	United Kingdom	C	Ordinary shares	100	
CH4 Old Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Cheltenham Renovators Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
CID1 Limited	Dormant	United Kingdom	C	Ordinary shares	100	
CIU1 Limited	Dormant	United Kingdom	C	Ordinary shares	100	
CQ Energy Canada Partnership	Gas and/or oil exploration and production	Canada	AE	Membership interest		60
CQ Energy Canada Resources Partnership	Gas and/or oil exploration and production	Canada	AF	Membership interest		60
CSA Offshore Services (Proprietary) Limited	Business services	South Africa	T	Ordinary shares		100

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Dalkia Chp Limited (vii)	Energy supply and power generation	Republic of Ireland	AC	Ordinary shares		20
DEML Investments Limited	Holding company	Canada	U	Ordinary shares		100
DER Development No. 10 Ltd.	Holding company	Canada	A	Ordinary shares		100
Direct Energy (B.C.) Limited	Energy supply and/or services	Canada	B	Ordinary shares		100
Direct Energy Business LLC	Energy supply and/or services	United States	D	Membership interest		100
Direct Energy Business Services Limited	Commercial services	Canada	U	Ordinary and special shares		100
Direct Energy Holdings (Alberta) Inc.	Home and/or commercial services	Canada	A	Ordinary shares		100
Direct Energy HVAC Services Ltd.	Home and/or commercial services	Canada	A	Ordinary shares		100
Direct Energy Marketing Limited	Energy supply and/or services	Canada	U	Ordinary shares		100
Direct Energy Partnership	Energy supply	Canada	A	Membership interest		100
Direct Energy Resources Partnership	Holding company	Canada	A	Membership interest		100
Drips Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Dyno Developments Limited	Dormant	United Kingdom	C	Ordinary shares		100

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Dyno Holdings Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Dyno Kil (Franchising) Limited (ix)	Dormant	United Kingdom	C	Ordinary shares		100
Dyno-Plumbing Limited	Dormant	United Kingdom	C	Ordinary shares		100
Dyno-Rod Limited	Operation of franchise network	United Kingdom	C	Ordinary shares		100
Dyno-Security Services Limited	Dormant	United Kingdom	C	Ordinary shares		100
Dyno-Services Limited	Dormant	United Kingdom	C	Ordinary shares		100
ECL Contracts Limited	Dormant	United Kingdom	C	Ordinary shares		100
ECL Investments Limited	Dormant	United Kingdom	C	Ordinary shares		100
Econergy Limited	In liquidation	United Kingdom	C	Ordinary shares		100
Electricity And Gas Recoveries Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Electricity Direct (UK) Limited	Dormant	United Kingdom	C	Ordinary shares		100
Elswick Energy Limited	Gas and/or oil exploration and production	United Kingdom	C	Ordinary shares		100
EN1 Property Holdings Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Energy And Building Management Solutions Limited (ix)	Dormant	United Kingdom	C	Ordinary shares		100
Energy For Tomorrow	Not-for-profit energy services	United Kingdom	C	Limited by guarantee	100	

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
ES Old Limited	In liquidation	United Kingdom	C	Ordinary shares	100	
Finance Scotland CEPS Limited Partnership	Group financing	United Kingdom	M	Membership interest		100
Finance Scotland CPP Limited Partnership	Group financing	United Kingdom	M	Membership interest		100
Finance Scotland CPS Limited Partnership	Group financing	United Kingdom	M	Membership interest		100
GF One Limited	In liquidation	United Kingdom	V	Ordinary shares		100
GF Two Limited	In liquidation	United Kingdom	V	Ordinary shares	75	
Glens of Foudland Wind Farm Limited	Operation of an onshore windfarm	United Kingdom	C	Ordinary shares		50
GLID Limited	Holding company	United Kingdom	C	Ordinary shares		100
GLID Wind Farms TopCo Limited	Holding company	United Kingdom	C	Ordinary shares		50
Goldbrand Development Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Hillserve Limited	Dormant	United Kingdom	C	Ordinary shares		100
Home Assistance UK Limited	Intermediary services, including claims handling and administration services	United Kingdom	C	Ordinary shares	100	
Humberland Limited	Dormant	United Kingdom	C	Ordinary shares		100
Hydrocarbon Resources Limited	Gas and/or oil exploration and production	United Kingdom	C	Ordinary shares		100

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Ignite Social Enterprise LP	Social enterprise investment fund	United Kingdom	C	Membership interest		100
Inner Dowsing Wind Farm Limited	Operation of an offshore windfarm	United Kingdom	M	Ordinary shares		50
Jannco 2 Limited	In liquidation	Guernsey	W	Ordinary shares	100	
JK Environmental Services (UK) Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Killingholme Pensions Limited (ix)	Dormant	United Kingdom	C	Ordinary shares		100
Lake Acquisitions Limited	Holding company	United Kingdom	AD	Ordinary shares		20
Lincs Wind Farm Limited	Operation of an offshore windfarm	United Kingdom	M	Ordinary shares		50
Lynn Wind Farm Limited	Operation of an offshore windfarm	United Kingdom	C	Ordinary shares		50
Newco Five Limited (iii) (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
Newco One Limited (iii)	Dormant	United Kingdom	C	Ordinary shares	100	
Newnova Ltd.	Dormant	United Kingdom	C	Ordinary shares		100
Newnova Old Limited	Dormant	United Kingdom	C	Ordinary shares		100
North Sea Infrastructure Partners Limited	Dormant	United Kingdom	M	Ordinary shares	100	
NSGP (Ensign) Limited	Gas supply	Jersey	X	Ordinary shares		100
NSIP (ETS) Limited	Gas supply	United Kingdom	C	Ordinary shares	100	

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (i)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
NSIP (Holdings) Limited	Dormant	United Kingdom	M	Ordinary shares	100	
P.H. Jones Facilities Management Ltd.	Servicing and maintenance of heating systems	United Kingdom	C	Ordinary shares		100
P.H. Jones Group Limited	Holding company	United Kingdom	C	Ordinary shares		100
Panoramic Power Ltd. (ii)	Energy management products and services	Israel	Y	Ordinary and preference shares		100
Repair and Care Limited	Dormant	United Kingdom	C	Ordinary shares	100	
Rhiannon Wind Farm Limited	Dormant	United Kingdom	C	Ordinary shares		50
Scottish Gas Limited (ix)	Dormant	United Kingdom	M	Ordinary shares	100	
Semplice Energy Limited (ix)	Dormant	United Kingdom	C	Ordinary shares	100	
SF (UK) Limited	In liquidation	United Kingdom	C	Ordinary shares		100
Solar Technologies Group Limited	Dormant	United Kingdom	C	Ordinary shares		100
Solar Technologies Limited	Dormant	United Kingdom	C	Ordinary shares		100
Soren Limited	Dormant	United Kingdom	C	Ordinary shares		100



## **GB Gas Holdings Limited**

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

#### **20 Related undertakings (continued)**

(i) For list of registered addresses, refer to below table

(ii) Acquired or established in 2015

(iii) Centrica North Sea Limited, Newco Five Limited and Newco One Limited were renamed during the year (previously Centrica (Horne & Wren) Limited, British Gas Business Services Limited and British Gas Service Limited respectively)

(iv) 509760 Alberta Ltd. was renamed during the year (previously Philips PC Resources Ltd.)

(v) Centrica Norway Limited is operating in Norway as Centrica Energi NUF

(vi) In February 2016 Centrica Shipping Limited and Centrica RPS Limited were renamed to Pioneer Shipping Limited and Centrica Distributed Generation Limited respectively.

(vii) In February 2016 Dalkia Chp Limited was renamed to Veolia CHP Ireland Limited

(viii) In April 2016 Alertme.com Ltd was renamed to Centrica Connected Home Limited.

(ix) Entered liquidation during 2016.

All companies principally operate within their country of incorporation.

## **GB Gas Holdings Limited**

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

#### **20 Related undertakings (continued)**

##### **List of registered addresses**

<b>Registered address key</b>	<b>Address</b>
A	2323 32nd Avenue N.E., Calgary, AB T2E 6Z3, Canada
B	1700-1185 West Georgia Street, Vancouver BC V6E 4E6, Canada
C	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
D	3411 Silverside Road Rodney Building #104, Wilmington, DE 19810, United States
E	Purdy's Wharf Tower One, 1959 Upper Water Street, Halifax NS B3J 3N2, Canada
F	Thomas-Wimmer-Ring 1-3, 80539, Munich, Germany
G	1521 Concord Pike #303, Wilmington, DE 19803, United States
H	1 Warrington Place, Dublin, 2, Republic of Ireland
I	20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom
J	St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man
K	33-37 Athol Street, Douglas, IM1 1LB, Isle of Man
L	Polarisavenue 39, 2132 JH Hoofddorp, Netherlands
M	IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom
N	47 Esplanade, St Helier, JE1 0BD, Jersey
O	L-107, Lajpat Nagar-2, New Delhi, 110024, India
P	26 New Street, St Helier, JE2 3RA, Jersey
Q	Sterling Towers, 20 Marina, Lagos, Nigeria
R	Veritasveien 25, 4007 Stavenger, Norway
S	Eleven Albion, Corner Albion and Dere Streets, Port of Spain, Trinidad and Tobago
T	No 12A Sooty Street, Ambefield Glen Cnr, Reddersburg & Virginia Street, Rooihuiskraal, North Centurion Gauteng, 0175, South Africa
U	333 Bay Street, Toronto ON M5H 2R2, Canada
V	1 More London Place, London, SE1 2AF, United Kingdom
W	P.O. Box 25, Regency Court, Gategny Esplanade, St Peter Port, GY1 3AP, Guernsey
X	13 Castle Street, St Helier, JE4 5UT, Jersey
Y	20 Atir Yeda St., Kfar Saba 44643, Israel
Z	855 2nd Street S.W., Calgary, AB T2P NJ8, Canada
AA	Innovation House, DCU Innovation Campus, 11 Old Finglas Road, Glasnevin, Dublin, 11, Republic of Ireland
AB	40 Grosvenor Place, London, SW1X 7EN, United Kingdom
AC	Innovation House, DCU Innovation Campus, 11 Old Finglas Road, Glasnevin, Dublin, 11, Republic of Ireland
AD	40 Grosvenor Place, London, SW1X 7EN, United Kingdom

## GB Gas Holdings Limited

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

#### 20 Related undertakings (continued)

AE	666 Burrard Street, Park Place, Vancouver, BC V6C 2X8, Canada
AF	525 8th Ave SW, Calgary, AB T2P 1G1

#### 21 Related party transactions

##### Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £ 000	2014 As restated £ 000
Directors' emoluments	777	544
Contributions into pension schemes	43	38
	<u>820</u>	<u>582</u>

The aggregate emoluments paid to directors in respect of their qualifying services were £776,644 (2014: £543,838). The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services were £43,054 (2014: £38,110). All costs were borne by other Group companies.

There was 1 director (2014: 1) to whom retirement benefits were accruing under a defined benefit pension scheme and 2 directors (2014: 3) to whom retirement benefits were accruing under money purchase pension schemes.

There were 3 directors (2014: 3) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme and 2 directors (2014: 2) exercised share options relating to the ultimate parent company.

The highest paid director received emoluments of £605,827 (2014: £223,084) and the company contributed £21,892 (2014: £25,935) to his pension scheme.

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

The prior year emoluments have been restated to £543,838 (previously disclosed £523,677).

The prior year pension contributions figures have been restated to £38,110 (previously disclosed £37,717).

## **GB Gas Holdings Limited**

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

#### **22 Parent and ultimate parent undertaking**

The immediate parent undertaking is Centrica 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 statements. Copies of the Centrica plc consolidated financial statements may be obtained from [www.centrica.com](http://www.centrica.com).

#### **23 Non adjusting events after the financial period**

In June 2016, a UK referendum resulted in a vote for the country to leave the European Union and the resultant uncertainty adds to the challenges for UK businesses in all sectors. This uncertainty may lead to volatility in markets with potential fluctuations in foreign exchange rates, and interest rates. These movements could impact, amongst other things, the translational value of our overseas subsidiaries (e.g. North America), and other assets, and the carrying value and cost of servicing our debt. Sensitivity analysis associated with the Group's exposure to currency, interest rate and commodity price risk was included in note S3 of the Group's consolidated financial statements for 2015. Overall, we judge the direct impacts on the Group and the Company specifically to be minimal in the short term.

In April 2016 the Company disposed of its shares in Power Plus Communications AG.

On 13 May 2016 the Company acquired all the issued share capital of ENER-G Cogen International Limited for £149,297,000. The Company also entered into a 10 year lease in relation to premises of ENER-G Cogen International Limited.

On 27 June 2016 the Company purchased one ordinary share in the share capital of Centrica LNG Limited for £155,000,000.

During 2016 as part of a Group rationalisation of dormant subsidiary undertakings some of these entities were placed into liquidation, as identified in the list related undertakings in note 20, and as part of this process the Company received dividends in 2016 of £35,596,000.

#### **24 Transition to FRS 101**

As stated in the "basis of preparation" note, these are the Company's first Financial Statements prepared in accordance with FRS 101. The accounting policies set out in the policies note have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the "Company's date of transition").

In preparing its FRS 101 financial statements, the Company has not been required to adjust any amounts reported previously in its financial statements prepared in accordance with its old basis of accounting (UK GAAP). There have, however, been changes to other disclosures in the notes of the accounts namely note 18 (Operating leases).