

Registration number: 03186121

GB Gas Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



GB Gas Holdings Limited

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GB Gas Holdings Limited

Strategic Report for the Year Ended 31 December 2018

The Directors present their Strategic Report for GB Gas Holdings Limited (the 'Company') for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is to act as a holding company for Centrica plc ('the Group').

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 results of the Company are set out on page 9. The Company's profit for the financial year was £356,437,000 (2017: profit £1,175,014,000) including investment impairments of £756,557,000 (2017: £489,250,000) and credit losses on financial assets written back of £15,532,000 (2017: £26,688,000). Dividends received in the year amounted to £1,330,570,000 (2017: £1,850,524,000). Interim dividends of £783,000,000 were paid during the year (2017: £417,000,000). The Directors do not recommend the payment of a final dividend (2017: £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 2018 was £3,124,076,000 (2017: £3,550,639,000).

Investments of £97,810,000 were made during the year (2017: £5,424,304,000).

On 22 October 2018 the Company made the purchase of the following shares from British Gas Trading Limited:

33,837,376 ordinary shares in Centrica Hive Limited for consideration of £57,926,000.

1,500 ordinary shares in ECL Investments Limited for consideration of £1,810,000.

1,035,714 ordinary shares in ECL Contracts Limited for consideration of £75,000.

100 ordinary shares in Hillserve Limited for consideration of £2.

1500 ordinary shares in Electricity Direct (UK) Limited for consideration of £2.

On 17 July 2017, Centrica plc reached an agreement to combine its European oil and gas exploration (E&P) business with the E&P business of Bayerngas Norge AS. The combined E&P business was formed through the use of a newly incorporated subsidiary, Spirit Energy Ltd ('Spirit'). In November and December 2018 final contributions to the investment totalling £37,999,000 were made under the 2017 Contribution Agreement.

The adjustment to cost of investments of £29,602,000 relates to amounts included in the company's cost of investment in Spirit Energy Limited during 2017 as part of the expected payments to be made in respect of an indemnity provided under the terms of the acquisition. In the current year a revised estimate of the expected future payments has been made, resulting in a reduced cost to the company and therefore the cost of acquisition has been reduced.

Total investment impairments of £756,557,000 (2017: £489,250,000) related to an impairment of £388,398,000 in respect of the Company's investment in Spirit Energy Limited and an impairment of £368,159,000 in respect of the investment in Centrica Finance (Scotland) Limited. Investment impairments are detailed in note 5.

All investment movements are detailed in note 13.

GB Gas Holdings Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Group and are not managed separately. The principal risk and uncertainties of the Group, which include those of the Company, are disclosed on pages 41-50 of the Group's Annual Report and Accounts 2018, which does not form part of this report.

Key performance indicators ('KPIs')

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

Future developments

The Group continues to implement the results of the 2015 strategic review and intends to exit its interests in Spirit Energy and Nuclear by the end of 2020.

Exit from the European Union

The UK referendum vote in June 2016 to leave the European Union has added to the risks and uncertainties faced by the Company. However, it is considered that the direct impact of these uncertainties on the Company of these events is limited in the short-term. Many details of the implementation process continue to remain unclear. Extricating from the European Union treaties is a task of immense complexity but the Company is well-positioned to manage the possible market impacts. There are also potential tax consequences of the withdrawal and these will continue to be reassessed at each reporting date to ensure the tax provisions reflect the most likely outcome following the withdrawal.

Approved by the Board on 15 September 2019 and signed on its behalf by:



ALAN MCCULLOCH

Company Secretary

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

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 2018

The Directors present their report and the audited Financial Statements for the year ended 31 December 2018.

Directors of the Company

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

I G Dawson (resigned 31 March 2019)

J A Bell (resigned 1 November 2018)

A M Todd (appointed 1 January 2018)

C O'Shea (appointed 1 November 2018)

The following director was appointed after the year end:

J M Campbell (appointed 31 March 2019)

Results and dividends

The results of the Company are set out on page 9. The profit for the financial year ended 31 December 2018 is £356,437,000 (2017: profit £1,175,014,000). Dividends received in the year amounted to £1,330,570,000 (2017: £1,850,524,000). Interim dividends of £783,000,000 were paid during the year (2017: £417,000,000). The Directors do not recommend a final dividend payment (2017: £nil).

Future developments

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

Post balance sheet events

There are no post balance sheet events.

Going concern

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

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. 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 2018 (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 applicable law and 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to 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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

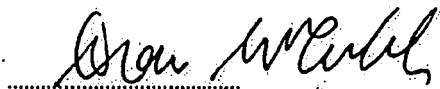
GB Gas Holdings Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Auditors

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

Approved by the Board on ~~27 January 2019~~ and signed on its behalf by:



ALAN MCCULLOCH

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

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 audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 ('FRS 101'); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of GB Gas Holdings Limited which comprise:

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

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

Basis for opinion

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

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

Conclusions related to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

GB Gas Holdings Limited

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

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors

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

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

Auditors' responsibility for the audit of the financial statements.

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

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

Report on other legal and regulatory records

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

GB Gas Holdings Limited

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

Matters on which we are required to report by exception

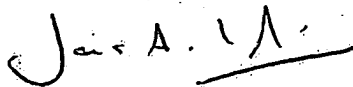
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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



.....
James Leigh (Senior Statutory Auditor)
For and on behalf of Deloitte LLP

Statutory Auditors
2 New Street Square
London
EC4A 3BZ

Date: 27/9/19

GB Gas Holdings Limited

Income Statement for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Operating costs	4	(83,837)	(79,704)
Exceptional items - net impairment charges	5	(756,557)	(489,250)
Exceptional items - net income on disposal of investments	5	11,637	20,399
Exceptional items - costs associated with the disposal of Exploration and Production assets	5	-	(10,516)
Net reversal of credit losses on financial assets		15,532	26,688
Other income	6	<u>71,965</u>	<u>61,166</u>
Operating loss		<u>(741,260)</u>	<u>(471,217)</u>
Income from shares in Group undertakings	8	1,330,570	1,850,524
Finance income	9	134,444	97,558
Finance cost	9	<u>(417,886)</u>	<u>(353,725)</u>
		<u>(283,442)</u>	<u>(256,167)</u>
Profit before income tax		305,868	1,123,140
Income tax credit	11	<u>50,569</u>	<u>51,874</u>
Profit for the financial year		<u>356,437</u>	<u>1,175,014</u>

The above results were derived from continuing operations.

Credit losses on financial assets are now disclosed separately in accordance with IAS 1: 'Presentation of financial statements'. See note 2 for further details.

GB Gas Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

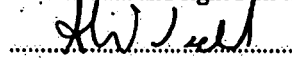
	2018 £ 000	2017 £ 000
Profit for the financial year	<u>356,437</u>	<u>1,175,014</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>356,437</u>	<u>1,175,014</u>

GB Gas Holdings Limited

Statement of Financial Position as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Non-current assets			
Property, plant and equipment	12	52,986	57,938
Investments	13	10,227,034	10,915,383
Trade and other receivables	14	1,562,315	1,604,003
Deferred tax assets	11	24,396	6,361
		<u>11,866,731</u>	<u>12,583,685</u>
Current assets			
Trade and other receivables	14	317,505	809,687
Other financial assets		-	48,376
Cash and cash equivalents		2,854	1,746
		<u>320,359</u>	<u>859,809</u>
Total assets		<u>12,187,090</u>	<u>13,443,494</u>
Current liabilities			
Trade and other payables	15	(7,025,254)	(7,367,889)
Provisions	16	(4,788)	(7,940)
		<u>(7,030,042)</u>	<u>(7,375,829)</u>
Total assets less current liabilities		<u>5,157,048</u>	<u>6,067,665</u>
Non-current liabilities			
Deferred tax liabilities	11	(1,556)	(1,977)
Trade and other payables	15	(2,002,304)	(2,482,704)
Provisions	16	(29,112)	(32,345)
		<u>(2,032,972)</u>	<u>(2,517,026)</u>
Total liabilities		<u>(9,063,014)</u>	<u>(9,892,855)</u>
Net assets		<u>3,124,076</u>	<u>3,550,639</u>
Equity			
Called up share capital	17	1,473	1,473
Share premium account		500,000	500,000
Retained earnings		2,622,603	3,049,166
Total equity		<u>3,124,076</u>	<u>3,550,639</u>

The financial statements on pages 9 to 55 were approved and authorised for issue by the Board of Directors on 27 September 2019 and signed on its behalf by:


A M Todd
Director
Company number 03186121

The notes on pages 13 to 55 form an integral part of these financial statements.

GB Gas Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital £ 000	Share premium account £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2018	1,473	500,000	3,049,166	3,550,639
Profit for the financial year	-	-	356,437	356,437
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	356,437	356,437
Dividends	-	-	(783,000)	(783,000)
At 31 December 2018	1,473	500,000	2,622,603	3,124,076
	Called up share capital £ 000	Share premium account £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2017	1,473	500,000	2,291,152	2,792,625
Profit for the financial year	-	-	1,175,014	1,175,014
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,175,014	1,175,014
Dividends	-	-	(417,000)	(417,000)
At 31 December 2017	1,473	500,000	3,049,166	3,550,639

As described in note 13, for distributable reserves purposes, reserves are considered to exclude unrealised losses of £1,825,131,000 (2017: £1,068,574,000).

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

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

The registered office and principal place of business is:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

2 Accounting policies

Basis of preparation

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

From 1 January 2018, the following standards are effective in the Company's financial statements. Their first time adoption did not have a material impact on the financial statements:

- IFRS 9: 'Financial Instruments'

The key changes to the accounting policies are disclosed below.

IFRS 9: 'Financial Instruments'

The Company adopted IFRS 9: 'Financial Instruments' from 1 January 2018. In accordance with the transition provisions in the Standard, comparatives have not been restated.

Classification of financial assets

IFRS 9 requires the use of two criteria to determine the classification of financial assets: the entity's business model for the financial assets and the contractual cash flow characteristics of the financial assets. The Standard goes on to identify three categories of financial assets - amortised cost; fair value through profit or loss (FVTPL); and fair value through other comprehensive income (FVOCI).

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Impairment

IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Company's financial assets and loan commitments.

The Company has applied the impairment requirements of IFRS 9 to financial guarantees contracts such as parent company guarantees issued to its subsidiary undertaking, even if the guarantee has not been called upon. The expected credit loss on such arrangements is calculated according to the nature of the guarantee and the Company's perceived exposure at the balance sheet date.

On initial application of IFRS 9, the Company determined that no material additional provisions for expected credit losses on loan commitments or parent company guarantees issued to subsidiaries are required.

Credit losses on financial assets are now disclosed separately on the face of the Income Statement in accordance with IAS 1: 'Presentation of financial statements'.

IFRS 15: 'Revenue from contracts with customers'

The Company has no income which falls under the scope of IFRS 15.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (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:

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

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

- certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures' have not been provided apart from those which are relevant for the financial instruments which are held at fair value;
- certain disclosures required by IFRS 3 'Business Combinations' in respect of business combinations undertaken by the Company; and
- disclosures of the net cash flows attributable to the operating, investing and financing activities of discontinued operations.

Measurement convention

The financial statements have been prepared on the historical cost basis except for: investments in subsidiaries that have been recognised at deemed cost on transition to FRS 101.

These financial statements are presented in pound sterling (with all values rounded to the nearest thousand (pounds £'000s) except when otherwise indicated), which is also the functional currency of the Company. Operations and transactions conducted in currencies other than the functional currency are translated in accordance with the foreign currencies accounting policies.

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.

Exemption from preparing group accounts

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

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Summary of significant accounting policies and key accounting estimates

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

Other income

Property income: Property costs are incurred and recharged to Group companies on an accruals 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.

Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. To ensure the business performance reflects the underlying results of the Company, these exceptional items are disclosed separately in the income statement. Items which may be considered exceptional in nature include disposals of businesses, business restructurings, significant onerous contract charges and asset write-downs/impairments.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Foreign currencies

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

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

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

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

Taxation

Current tax, including UK corporation tax, 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 (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 2018 (continued)

2 Accounting policies (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Dilapidations

Provision is made for the net present value of the estimated cost of dilapidations at the end of the lease properties' useful life.

When this provision relates to an asset with sufficient future economic benefits, a dilapidations asset is recognised and included as part of the associated PP&E and depreciated accordingly. If there is an indication that the carrying amount of the asset is not fully recoverable, the asset is tested for impairment and an impairment loss is recognised where necessary. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding dilapidations asset included within PP&E. The unwinding of the discount on the provision is included in the Income Statement within Finance cost.

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 costs of an asset comprises its purchase price or construction costs and 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 items 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. The depreciation periods for the principal categories of assets are as follows:

Asset class	Depreciation method and rate
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
Dilapidations	Straight line up to 50 years

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

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.

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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use ("VIU") 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").

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.

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 finance cost. 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 2018 (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 the original invoice amount, and are subsequently held at amortised cost using the effective interest method less an allowance for impairment losses. Changes in the Company's impairment policy as a result of the application of IFRS 9 are shown in note 2. 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 2018 (continued)

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 that the carrying value of its investments in subsidiaries and associates is recoverable. The judgement around investments that are not considered to be impaired is supported by the investment review process. Where the Company determines that an investment is impaired, the recoverable amount of the investment is estimated with reference to the fair value or value in use of the investment, as detailed in the accounting policy note.

The impairment review process identified that the carrying value of some investments were not fully supported by reference to the fair value of the underlying assets and were cumulatively impaired by £2,101,230,000 (2017: £1,344,673,000).

4 Analysis of operating costs by nature

	2018 £ 000	2017 £ 000
Property costs (excluding depreciation)	56,265	56,228
Other costs	21,589	18,272
Depreciation	5,983	5,204
	<u>83,837</u>	<u>79,704</u>

Other costs comprise recharges from other group companies and legal and professional fees.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

5 Exceptional items

The following exceptional items were recognised in arriving at the operating profit of the reporting year:

	2018 £ 000	2017 £ 000
Net impairment charges	(756,557)	(489,250)
Net income on disposal of investments	11,637	20,399
Costs associated with the disposal of Exploration and Production assets	-	(10,516)
	<u>(744,920)</u>	<u>(479,367)</u>

Net impairment charges are analysed below.

Income on disposal of investments of £11,637,000 relates to contingent consideration receiving from the sale of interests in Trinidad and Tobago in 2016, not previously expected.

Net impairment charges	2018 £ 000	2017 £ 000
Spirit Energy Limited	(388,398)	-
Centrica Finance (Scotland) Limited	(368,159)	-
Centrica Storage Holdings Limited	-	(116,543)
Spirit Energy Production UK Limited (formerly Hydrocarbon Resources Limited)	-	(297,200)
CH4 Limited	-	(1,284)
British Gas Services (Commercial) Limited	-	(10,000)
Centrica Lake Limited	-	(64,223)
Total investment charges	<u>(756,557)</u>	<u>(489,250)</u>
	£ 000	£ 000

Net income on disposal of investments is analysed below:

Income from sale of interest in Trinidad and Tobago	11,637	
Loss on sale of Building Management Solutions Integrators Limited	-	(517)
Loss on sale of Centrica Langage Limited and Centrica SHB Limited	-	(161,070)
Profit on sale of Spirit Energy Limited A shares	-	163,049
Profit on sale of NSIP (ETS) Limited	-	13,098
Profit on NSIP (GKA) Limited	-	5,970

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

Loss on sale of other investments		(131)
Total net income on disposal of investments	<u>11,637</u>	<u>20,399</u>

6 Other income

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

	2018 £ 000	2017 £ 000
Gain on disposal of property, plant and equipment	809	-
Other operating income	<u>71,156</u>	<u>61,166</u>
	<u>71,965</u>	<u>61,166</u>

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

7 Employee costs

There were no employees of the Company during the year ended 31 December 2018 (2017: Nil).

The Directors were remunerated as employees of the Centrica plc Group and did not receive any remuneration, from any source, specifically for their services as Directors of the Company during the current or preceding financial year.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

8 Income from shares in Group undertakings

	2018 £ 000	2017 £ 000
Income from shares in Group undertakings	<u>1,330,570</u>	<u>1,850,524</u>

Income from shares in Group undertakings is detailed as follows:

	2018 £ 000	2017 £ 000
British Gas Insurance Limited	76,000	86,000
British Gas Trading Limited	500,000	227,000
Centrica Lake Limited	-	70,000
Centrica Energy Limited	-	34,000
Centrica Electric Limited	-	1,562
South Humber Limited	-	143,960
Hydrocarbon Resources Limited	-	833,000
NSIP (ETS) Limited	-	5,000
Centrica Storage Holdings Limited	-	450,000
Centrica Jersey Limited	-	2
Centrica Renewable Energy Limited	150,000	-
Centrica Overseas Holdings Limited	133,000	-
Centrica Finance (Scotland) Limited	471,570	-
	<u>1,330,570</u>	<u>1,850,524</u>

9 Net finance income/cost

Finance income

	2018 £ 000	2017 £ 000
Interest income from amounts owed by group undertakings	132,289	95,264
Net foreign exchange gains on financing transactions	<u>2,155</u>	<u>2,294</u>
Total finance income	<u>134,444</u>	<u>97,558</u>

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9 Net finance income/cost (continued)

Finance cost

	2018 £ 000	2017 £ 000
Interest on amounts owed to group undertakings	(415,104)	(352,520)
Net foreign exchange losses on financing transactions	(380)	-
Other finance costs	(2,402)	(1,205)
Total finance cost	(417,886)	(353,725)
Net finance cost	(283,442)	(256,167)

10 Auditors' remuneration

The Company paid £12,000 (2017: £12,000) to its auditors in respect of the audit of the financial statements provided to the Company.

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

11 Income tax

Tax credited / (charged) in the income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK Corporation tax at 19.00% (2017: 19.25%)	32,553	50,665
UK Corporation tax adjustment to prior periods	(440)	-
	<u>32,113</u>	<u>50,665</u>
Deferred taxation		
Arising from origination and reversal of temporary differences - UK	20,093	1,300
Arising from changes in tax rates and laws	(2,175)	(91)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	538	-
Total deferred taxation	<u>18,456</u>	<u>1,209</u>
Tax credit in the income statement	<u>50,569</u>	<u>51,874</u>

The main rate of corporation tax for the year to 31 December 2018 was 19.00% (2017: 19.25%). The corporation tax rate will reduce to 17% with effect from 1 April 2020. The deferred tax assets and liabilities included in these financial statements are based on tax rates having regard to their reversal profiles.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11. Income tax (continued)

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:

	2018 £ 000	2017 £ 000
Profit before tax	305,868	1,123,140
Tax expense at standard UK rate 19.00% (2017: 19.25%)	58,115	216,166
<i>Effects of:</i>		
Net expenses non-deductible for tax purposes	2,823	90,094
Decrease in current tax from adjustment for prior periods	(99)	
Increase from effect of UK tax rate changes	2,176	91
Decrease from effect of net revenues exempt from taxation	(114,224)	(358,810)
Increase arising from group relief	457	(149)
Decrease from transfer pricing adjustments	(457)	149
UK tax on income attributed from foreign subsidiary	640	585
Total income tax credit	(50,569)	(51,874)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	(1,977)	421	(1,556)
Tax losses carry-forwards	578	517	1,095
Other items	5,783	17,518	23,301
Net tax assets/(liabilities)	4,384	18,456	22,840

Unrecognised deferred tax

At the balance sheet date, the Company has unrecognised capital losses of £21,065,000 (2017: £23,543,000) available against future chargeable gains.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

12 Property, plant and equipment

	Land and buildings £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2018	53,949	68,471	122,420
Additions	-	1,222	1,222
Disposals	-	(751)	(751)
At 31 December 2018	53,949	68,942	122,891
Depreciation			
At 1 January 2018	18,061	46,420	64,481
Charge for the year	886	5,097	5,983
Disposals	-	(559)	(559)
At 31 December 2018	18,947	50,958	69,905
Net book value			
At 31 December 2018	35,002	17,984	52,986
At 31 December 2017	35,888	22,050	57,938

Included within the net book value of land and buildings above is £34,561,000 (2017: £34,907,000) in respect of freehold land and buildings, £441,000 (2017: £469,000) in respect of long leasehold land and buildings and £nil (2017: £512,000) in respect of short leasehold land and buildings.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

13 Investments

	Shares in group undertakings (subsidiaries) £ 000	Participating interests (associates and JVs) £ 000	Total £ 000
Cost			
At 1 January 2017	11,507,644	4,457	11,512,101
Additions	5,424,304	-	5,424,304
Disposals	(4,676,349)	-	(4,676,349)
At 31 December 2017	12,255,599	4,457	12,260,056
At 1 January 2018	12,255,599	4,457	12,260,056
Additions	97,810	-	97,810
Adjustment to cost	(29,602)	-	(29,602)
At 31 December 2018	12,323,807	4,457	12,328,264
Provision			
At 1 January 2017	2,536,679	4,457	2,541,136
Disposals	(1,685,713)	-	(1,685,713)
Impairments provided in the year	489,250	-	489,250
At 31 December 2017	1,340,216	4,457	1,344,673
At 1 January 2018	1,340,216	4,457	1,344,673
Impairments	756,557	-	756,557
At 31 December 2018	2,096,773	4,457	2,101,230
Net book values			
At 31 December 2018	10,227,034	-	10,227,034
At 31 December 2017	10,915,383	-	10,915,383

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

13 Investments (continued)

Investments of £97,810,000 were made during the year (2017: £5,424,304,000).

On 22 October 2018 the Company made the purchase of the following shares from British Gas Trading Limited:

33,837,376 ordinary shares in Centrica Hive Limited for consideration of £57,926,000.

1,500 ordinary shares in ECL Investments Limited for consideration of £1,810,000

1,035,714 ordinary shares in ECL Contracts Limited for consideration of £75,000.

100 ordinary shares in Hillserve Limited for consideration of £2

1500 ordinary shares in Electricity Direct (UK) Limited for consideration of £2

In November and December 2018 final payments totalling £37,999,000 were made under the 2017 Contribution Agreement for the Company's investment in Spirit Energy Limited.

The adjustment to cost of £29,602,000 relates to an amount included in the company's cost of investment in Spirit Energy Limited during 2017 as part of the expected payments to be made in respect of an indemnity provided under the terms of the acquisition. In the current year a revised estimate of the expected future payments has been made, resulting in a reduced cost to the company and therefore this amount will no longer be paid.

The Company's participating interest is a 24.4% investment in 4Energy Limited, which was dissolved on 6 June 2019.

An impairment of £388,398,000 was the result of the review of investment carrying values and relates to the investment in Spirit Energy Limited.

An impairment of £368,159,000 was the result of the review of investment carrying values and relates to the investment in Centrica Finance (Scotland) Limited.

Investment impairments are listed in note 5.

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 2018 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) of section 841 of the Companies Act 2006 the cumulative impairment charge of £1,825,131,000 (2017: £1,068,574,000) is not classified as a realised loss and therefore the distributable reserves of the Company are increased to £4,447,734,000 (2017: £4,117,740,000).

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

14 Trade and other receivables

	2018		2017	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Amounts owed by group undertakings	274,707	1,562,315	758,044	1,604,003
Prepayments	10,160	-	11,442	-
Other receivables	32,638	-	40,201	-
	<u>317,505</u>	<u>1,562,315</u>	<u>809,687</u>	<u>1,604,003</u>

Amounts owed by Group undertakings totalling £269,287,000 (2017: £266,367,000) are not interest bearing, are unsecured and repayable on demand.

Interest balances of £2,774,000 (2017: £239,000) are interest free.

Current amounts owed by Group undertakings under an intercompany finance lease arrangement total £703,000 (2017: £664,000) are unsecured and accrue interest between 5.5% and 6.4% (2017: 5.5% and 6.4%).

Amounts owed by Ignite Social Enterprise of £1,943,000 (£nil) accrue interest at 3.25% above Barclays base rate, are unsecured and repayable on demand and are net of impairment charges of £6,343,000 (2017: £6,343,000).

Amounts totalling £490,774,000 which were owed by Group undertakings in 2017 were repaid in full during the year. These accrued interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The interest rates were between 3.7% and 3.9%. These amounts were unsecured and repayable on demand.

Non-current amounts owed by Group undertakings under an intercompany finance lease arrangement total £7,315,000 (2017: £8,004,000) are unsecured repayable over 20 years from 2007 and accrue interest between 5.5% and 6.4% (2017: 5.5% and 6.4%).

Non-current amounts owed by ENER-G UK Power2 Limited of £35,000,000 (2017: Nil) bears interest at a rate set by Group Treasury and based on the Group cost of funds payable annually in arrears, are unsecured and repayable on 31 December 2021. The interest rates ranged between 3.72% and 4.13%.

Non-current amounts owed by Centrica Holdings Limited of £1,520,000,000 (2017: £1,520,000,000) bears interest at a fixed amount of 5% payable monthly in arrears, are unsecured and repayable on 8 January 2030.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

14 Trade and other receivables (continued)

Finance lease receivables

	Minimum lease payments £ 000	Finance charges £ 000	Present value £ 000
2018			
Within one year	1,206	(503)	703
In two to five years	4,762	(1,550)	3,212
In over five years	4,761	(658)	4,103
	<u>10,729</u>	<u>(2,711)</u>	<u>8,018</u>
2017			
Within one year	1,207	(543)	664
In two to five years	4,763	(1,740)	3,023
In over five years	5,951	(970)	4,981
	<u>11,921</u>	<u>(3,253)</u>	<u>8,668</u>

15 Trade and other payables

	2018		2017	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Accrued expenses	9,305	-	14,531	-
Amounts owed to group undertakings	6,940,406	2,002,304	7,272,059	2,482,704
Other payables	75,543	-	81,299	-
	<u>7,025,254</u>	<u>2,002,304</u>	<u>7,367,889</u>	<u>2,482,704</u>

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

15 Trade and other payables (continued)

Amounts owed to Group undertakings of £564,862,000 (2017: £543,540,000) accrue interest at a rate set by Group Treasury and based on the Group's cost of funds. The interest rates were between 3.72% and 4.13% (2017: 3.66% and 3.86%).

Amounts owed to Group undertakings of £6,140,282,000 (2017: 6,051,349,000) 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 3.72% and 4.13% (2017: 3.66% and 3.86%).

Amounts owed to Group undertakings include £101,976,000 (2017: £482,119,000) 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 (£84,820,000) (2017: CAD 147,670,000 (£86,930,000)) which is interest free, unsecured, with no fixed date of repayment and is repayable on demand.

Interest balances of £2,076,000 (2017: £1,770,000) are interest free.

Contingent consideration balances owed to a Group company amounting to £213,624,000 (2017: £282,415) are repayable quarterly through to March 2023 and are subject to annual revision in instalments. £167,234,000 (2017: £176,064) of this balance is non-current.

Non-current amounts owed to Group undertakings of £1,834,570,000 (2017: £2,306,140,000) are payable in tranches over periods of between 3 to 14 years and accrue interest at a fixed rate of 7%. Interest is payable annually in arrears.

Non-current amounts owed to Centrica Insurance Company Limited of £500,000 (2017: £500,000) are interest free and unsecured with no fixed repayment date.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

16 Provisions

	Restructuring £ 000	Other provisions £ 000	Total £ 000
At 1 January 2018	11,012	29,273	40,285
Increase in provision - charged to the income statement	5,736	394	6,130
Unused provision reversed	(457)	(2,147)	(2,604)
Increase in provisions - dilapidations asset	-	23	23
Provisions used	(9,033)	(901)	(9,934)
Transfers	(817)	817	-
At 31 December 2018	6,441	27,459	33,900
Non-current liabilities	3,998	25,114	29,112
Current liabilities	2,443	2,345	4,788

Restructuring provisions charged arise on properties closed during the year, 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.

The transfer from restructuring to other provisions relates to pension provisions.

Other provisions arise on recognising end of lease dilapidations.

Financial Liabilities

Included within provisions are financial liabilities of:

	Current 2018 £000	Non-current 2018 £000	Current 2017 £000	Non-current 2017 £000
Restructuring costs	2,431	3,931	4,848	5,930
Provisions other than restructuring costs	2,345	25,114	3,012	26,261
	4,776	29,045	7,860	32,191

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

17 Called up share capital

Allotted, called up and fully paid shares

	2018		2017	
	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>

18 Dividends paid and proposed

	2018 £ 000	2017 £ 000
<i>Declared and paid during the year</i>		
Final dividend of £Nil (2017 - £Nil) per ordinary share	-	-
Interim dividend of £531.57 (2017 - £283.1) per ordinary share	<u>783,000</u>	<u>417,000</u>
	<u>783,000</u>	<u>417,000</u>

19 Operating leases

Leases as lessee

At 31 December 2018 the Company had annual commitments under non-cancellable operating leases for properties with the following maturity:

	2018 £ 000	2017 £ 000
Within one year	33,312	40,288
In two to five years	83,509	91,788
In over five years	<u>32,657</u>	<u>42,568</u>
	<u>149,478</u>	<u>174,644</u>

The amount of non-cancellable operating lease payments net of sublease income recognised as an expense during the year was £33,110,000 (2017 - £30,650,000).

Sublease arrangements

Total future minimum sublease income under non-cancellable operating leases expected to be received is £7,167,232 (2017 - £11,408,000).

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

20 Other commitments and contingencies

Other guarantees and indemnities

At 31 December 2018 the Company had provided guarantees up to a maximum of £77,483,000 (2017: £90,750,000) to various counter-parties primarily in relation to the wholesale energy procurement activities of its subsidiaries. At the year end the exposure was £27,500,000 (2017: £38,150,000).

At 31 December 2018 the Company had provided guarantees to its direct subsidiary British Gas Trading Limited (BGTL), 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. The total potential exposure at year end in respect of these guarantees was £1,000,000,000 (2017: £1,000,000,000), however the actual exposure at year end was £415,000,000 (2017: £451,000,000).

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 productions and/or trading	PCG228 - Canada	B	Ordinary shares		100
Accord Energy (Trading) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Accord Energy Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Alertme.com GmbH	Non-trading	Germany	C	Ordinary shares		100
Alertme.com Inc.	Energy management products and services	United States	D	Ordinary shares		100
Atform Limited	Dormant	United Kingdom	A	Ordinary shares		100
Bord Gáis Energy Limited	Energy supply and power generation	Republic of Ireland	E	Ordinary shares		100
Brae Canada Ltd.	Gas and/or oil exploration and production	PCG228 - Canada	B	Ordinary and preference shares		100
British Gas Energy Procurement Limited	Energy supply	United Kingdom	A	Ordinary shares		100
British Gas Finance Limited	Vehicle leasing	United Kingdom	A	Ordinary shares	100	
British Gas Insurance Limited	Insurance provision	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 Limited	Dormant	United Kingdom	A	Ordinary shares	100	
British Gas New Heating Limited	Electrical and gas installations	United Kingdom	A	Ordinary shares	100	
British Gas Services (Commercial) Limited	Servicing and installation of heating systems	United Kingdom	A	Ordinary shares	100	
British Gas Services Limited	Home services	United Kingdom	A	Ordinary shares	100	
British Gas Social Housing Limited	Servicing and installation of heating systems	United Kingdom	A	Ordinary shares		100
British Gas Solar Limited	Dormant	United Kingdom	A	Ordinary shares		100
British Gas Trading Limited	Energy supply	United Kingdom	A	Ordinary shares	100	
Business Gas Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Caythorpe Gas Storage Limited	Gas storage	United Kingdom	F	Ordinary shares		100
Centrica (IOM) Limited	Dormant	Isle of Man	G	Ordinary shares	100	
Centrica (Lincs) Wind Farm Limited	Holding company	United Kingdom	A	Ordinary shares		100
Centrica Barry Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Brigg Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Business Solutions BV (ii)	Energy management products and services	Netherlands	U	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 Business Solutions (Generation) Limited (ii)	Power generation	United Kingdom	A	Ordinary shares		100
Centrica Business Solutions Canada Inc (ii)	Energy management products and services	Energy management products and services	B	Ordinary shares		100
Centrica Business Solutions International Limited (ii)	Holding company	United Kingdom	A	Ordinary shares		100
Centrica Business Solutions Italia Srl (ii)	Energy management products and services	Italy	T	Ordinary shares		100
Centrica Business Solutions Mexico SA de CV (iii)	Energy management products and services	Mexico	AQ	Ordinary shares		100
Centrica Business Solutions UK Limited (ii)	Energy management products and services	UK	A	Ordinary shares		100
Centrica Business Solutions Zrt (ii)	Energy management products and services	Hungary	S	Ordinary shares		100
Centrica Combined Common Investment Fund Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Delta Limited	Dormant	Isle of Man	I	Ordinary shares		100
Centrica Directors Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Distributed Generation Limited	Power generation	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 Energy (Trading) Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares		100
Centrica Energy Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares	100	
Centrica Energy Marketing Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares	100	
Centrica Energy Operations Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Energy Renewable Investments Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Engineers Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Finance (Canada) Limited	Holding company	United Kingdom	A	Ordinary shares		100
Centrica Finance (Scotland) Limited	Holding company	United Kingdom	K	Ordinary shares	100	
Centrica Finance Investments Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Finance Norway Limited	Group financing	Jersey	L	Ordinary shares		100
Centrica Gamma Holdings Limited	Holding company	United Kingdom	A	Ordinary shares		100
Centrica Hive Canada Inc. (ii)	Energy management products and services	PCG228 Canada	B	Ordinary shares		100
Centrica Hive Italy Srl (ii)	Energy management products and services	Italy	H	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 Hive Limited (ii)	Energy management products and services	United Kingdom	A	Ordinary shares	100	
Centrica Hive SAS (iii)	Energy management products and services	France	AP	Ordinary shares		100
Centrica Ignite GP Limited	Investment company	United Kingdom	A	Ordinary shares	100	
Centrica Ignite LP Limited	Investment company	United Kingdom	A	Ordinary shares	100	
Centrica India Offshore Private Limited	Business services	India	M	Ordinary shares		100
Centrica Infrastructure Limited	Dormant	United Kingdom	K	Ordinary shares	100	
Centrica Innovations UK Limited	Investment company	United Kingdom	A	Ordinary shares	100	
Centrica Insurance Company Limited	Insurance provision	Isle of Man	G	Ordinary and preference shares	100	
Centrica Jersey Limited	In liquidation	Jersey	N	Ordinary shares	100	
Centrica KL Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica KPS Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Lake Limited	Holding company	United Kingdom	A	Ordinary shares	100	
Centrica Leasing (KL) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica LNG Company Limited	LNG Trading	United Kingdom	A	Ordinary shares	100	
Centrica LNG UK Limited	LNG Trading	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 Nederland BV	Holding company	Netherlands	J	Ordinary shares		100
Centrica NewCo 123 Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica No. 12 Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Nominees No.1 Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Offshore UK Limited	Gas and/or oil exploration and production	United Kingdom	F	Ordinary shares		100
Centrica Onshore Processing UK Limited	Dormant	United Kingdom	F	Ordinary shares		100
Centrica Overseas Holdings Limited	Holding company	United Kingdom	A	Ordinary shares	100	
Centrica PB Limited	Power generation	United Kingdom	A	Ordinary shares	100	
Centrica Pension Plan Trustees Limited	Dormant	United Kingdom	A	Limited by guarantee	100	
Centrica Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Production Limited	Dormant	United Kingdom	K	Ordinary shares	100	
Centrica Renewable Energy Limited	Holding company	United Kingdom	A	Ordinary shares	100	
Centrica Resources (UK) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Resources Petroleum UK Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Secretaries Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Services Limited	Business services	United Kingdom	A	Ordinary shares	100	
Centrica Storage Holdings Limited	Holding company	United Kingdom	F	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 Limited	Gas storage	United Kingdom	F	Ordinary shares		100
Centrica Trinidad and Tobago Limited	Business services	Trinidad and Tobago	O	Ordinary shares		100
Centrica Trust (No.1) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Centrica Upstream Investment Limited	Dormant	United Kingdom	K	Ordinary shares	100	
CH4 Energy Limited	Dormant	United Kingdom	A	Ordinary shares	100	
CIDI Limited	Dormant	United Kingdom	A	Ordinary shares	100	
CIUI Limited	Dormant	United Kingdom	A	Ordinary shares	100	
CSA Offshore Services (Proprietary) Limited	Business services	South Africa	P	Ordinary shares		100
DEML Investments Limited	Holding company	PCG228 Canada	Q	Ordinary shares		100
DER Development No. 10 Ltd.	Holding company	PCG228 Canada	B	Ordinary shares		100
Direct Energy (B.C.) Limited	Energy supply and/or services	PCG228 Canada	R	Ordinary shares		100
Direct Energy Holdings (Alberta) Inc.	Home and/or commercial services	PCG228 Canada	B	Ordinary shares		100
Direct Energy HVAC Services Ltd.	Home and/or commercial services	PCG228 Canada	B	Ordinary shares		100
Direct Energy Marketing Limited	Energy supply and/or services	PCG228 Canada	Q	Ordinary shares		100
Distributed Energy Asset Solutions Limited	Dormant	United Kingdom	A	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 (%)
Distributed Energy Customer Solutions Limited	Energy management products and services	United Kingdom	A	Ordinary shares		100
Drips Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Dyno Developments Limited	Dormant	United Kingdom	A	Ordinary shares		100
Dyno-Plumbing Limited	Dormant	United Kingdom	A	Ordinary shares		100
Dyno-Rod Limited	Operation of a franchise network	United Kingdom	A	Ordinary shares		100
Dyno-Security Services Limited	Dormant	United Kingdom	A	Ordinary shares		100
Dyno-Services Limited	Dormant	United Kingdom	A	Ordinary shares		100
ECL Contracts Limited	Dormant	United Kingdom	A	Ordinary shares	100	
ECL Investments Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Electricity Direct (UK) Limited	Dormant	United Kingdom	A	Ordinary shares	100	
ENER-G Cogen International Limited	Holding company	United Kingdom	A	Ordinary shares		100
ENER-G Nagykanizsa Kft	Energy management products and services	Hungary	S	Ordinary shares		100
ENER-G Power2 Limited	Holding company	United Kingdom	A	Ordinary shares		100
ENER-G Tehnologii Energetice Srl	Energy management products and services	Romania	V	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 (%)
Energy For Tomorrow	Not-for-profit energy services	United Kingdom	A	Limited by guarantee	100	
Flowgem Limited	Dormant	United Kingdom	A	Ordinary shares		100
Generation Green Solar Limited	Dormant community benefit society	United Kingdom	A	Ordinary shares		100
GF One Limited	In liquidation	United Kingdom	W	Ordinary shares		75
GF Two Limited	In liquidation	United Kingdom	W	Ordinary shares	75	
Goldbrand Development Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Hillserve Limited	Dormant	United Kingdom	A	Ordinary shares	100	
Home Assistance UK Limited	Intermediary services, including claims handling and administration services	United Kingdom	A	Ordinary shares	100	
Io-Tahoe UK Limited	Data management	United Kingdom	A	Ordinary shares		100
Io Tahoe Ukraine LLC	Data management	Ukraine	X	Ordinary shares		100
Neas Energy A/S	Energy services and wholesale energy trading	Denmark	Y	Ordinary shares		100
Neas Energy GmbH	Energy services and wholesale energy trading	Germany	Z	Ordinary shares		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 (%)
Neas Energy Limited	Energy services and wholesale energy trading	United Kingdom	A	Ordinary shares		100
Neas Energy Singapore Pte. Ltd	Energy services and wholesale energy trading	Singapore	AA	Ordinary shares		100
Neas Fondsmæglerselskab A/S	Non-trading	Denmark	Y	Ordinary shares		100
Neas Invest A/S	Dormant	Denmark	Y	Ordinary shares		100
Newco One Limited	Dormant	United Kingdom	A	Ordinary shares	100	
North Sea Infrastructure Partners Limited (ix)	Dormant	United Kingdom	AV	Ordinary shares	100	
NSIP (Holdings) Limited	Dormant	United Kingdom	AV	Ordinary shares		100
P.H. Jones Facilities Management Ltd	Servicing and maintenance of heating systems	United Kingdom	A	Ordinary shares		100
P.H. Jones Group Limited	Holding company	United Kingdom	A	Ordinary shares		100
Panoramic Power Ltd.	Energy management products and services	Israel	AB	Ordinary shares		100
Pioneer Shipping Limited	Sea freight water transport	United Kingdom	A	Ordinary shares	100	
Repair and Care Limited	Dormant	United Kingdom	A	Ordinary shares	100	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 (%)
REstore Flexpond UK Limited (viii)	Demand response aggregation	United Kingdom	A	Ordinary shares		100
REstore Deutschland GmbH	Demand response aggregation	Germany	AM	Ordinary shares		100
REstore North America LLC	Demand response aggregation	United States	AN	Membership interest		100
REstore France SAS	Demand response aggregation	France	AC	Ordinary shares		100
REstore NV	Demand response aggregation	Belgium	AD	Ordinary shares		100
Solar Technologies Group Limited	Dormant	United Kingdom	A	Ordinary shares		100
Solar Technologies Limited	Dormant	United Kingdom	A	Ordinary shares		100
Soren Limited	Dormant	United Kingdom	A	Ordinary shares		100
CF 2016 LLP	Group financing	United Kingdom	A	Membership interest		100
CFCEPS LLP	Group financing	United Kingdom	A	Membership interest		100
CFCPP LLP	Group financing	United Kingdom	A	Membership interest		100
Direct Energy Partnership	Energy supply	PCG228 Canada	B	Membership interest		100
Direct Energy Resources Partnership	Holding entity	PCG228 Canada	B	Membership interest		100
Finance Scotland 2016 Limited Partnership	Group financing	United Kingdom	K	Membership interest	100	
Finance Scotland CEPS Limited Partnership	Group financing	United Kingdom	K	Membership interest		100
Finance Scotland CPP Limited Partnership	Group financing	United Kingdom	K	Membership interest		100

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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	A	Membership interest	100	
Bayerngas Norge AS	Gas and/or oil exploration and production	Norway	AE	Ordinary shares		69
Bayerngas Produksjon Norge	Financing company	Norway	AE	Ordinary shares		69
Bowland Resources (No.2) Limited (x)	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
Bowland Resources Limited (x)	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
Elswick Energy Limited (x)	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
NSGP (Ensign) Limited	Gas and/or oil exploration and production	Jersey	AF	Ordinary shares		69
Spirit Energy Danmark ApS	Gas and/or oil exploration and production	Denmark	AG	Ordinary shares		69
Spirit Energy Hedging Holding Limited (x)	Dormant	United Kingdom	AS	Ordinary shares		69
Spirit Energy Hedging Limited (x)	Dormant	United Kingdom	AS	Ordinary shares		69

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 (%)
Spirit Energy Limited (iv) (x)	Holding company	United Kingdom	AS	Ordinary shares	69	
Spirit Energy Nederland BV	Gas and/or oil exploration and production	Netherlands	J	Ordinary Shares		69
Spirit Energy Norge AS	Gas and/or oil exploration and production	Norway	AH	Ordinary shares		69
Spirit Energy North Sea Limited (x)	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
Spirit Energy North Sea Oil Limited	Gas and/or oil exploration and production	United Kingdom	K	Ordinary shares		69
Spirit Energy Petroleum Danmark AS (v)	Gas and/or oil exploration and production	Norway	E	Ordinary shares		69
Spirit Energy Production UK Limited (x)	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
Spirit Energy Resources Limited (x)	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
Spirit Energy Southern North Sea Limited (xi)	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 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 (%)
Spirit Energy Treasury Limited (x)	Financing company	United Kingdom	AS	Ordinary shares		69
Spirit Energy WOS Limited (iii)	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
Spirit Europe Limited (vi) (xi)	Holding company	United Kingdom	AI	Ordinary shares		69
Spirit Infrastructure BV	Construction, ownership and exploitation of infrastructure	Netherlands	J	Ordinary shares		69
Spirit North Sea Gas Limited	Gas and/or oil exploration and production	United Kingdom	K	Ordinary shares		69
Spirit Norway Limited	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
Spirit Production (Services) Limited	Business services	United Kingdom	K	Ordinary shares		69
Spirit Resources (Armada) Limited	Gas and/or oil exploration and production	United Kingdom	AS	Ordinary shares		69
Barrow Shipping Limited (2018) (iii)	Gas and/or oil exploration and production	United Kingdom	AR	Ordinary shares		50
Celtic Array Limited	Development of offshore windfarm	United Kingdom	A	Ordinary shares		50

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 Related undertakings (continued)

Name	Principal activity	Country of incorporation	Registered address key (l)	Class of shares held	Direct investment and voting rights (%)	Indirect interest and voting rights (%)
Eurowind Polska VI Sp z o.o.	Operation of an onshore windfarm	Poland	AJ	Ordinary shares		50
Greener Ideas Limited	Development of flexible power generation sites	Republic of Ireland	AT	Ordinary shares		50
Rhiannon Wind Farm Limited	Dormant	United Kingdom	A	Ordinary shares		50
Vindpark Keblowo ApS	Operation of an onshore windfarm	Denmark	AU	Ordinary shares		50
Lake Acquisitions Limited	Holding company	Holding company	AK	Ordinary shares		20
Veolia CHP Ireland Limited	Energy supply and power generation	Energy supply and power generation	AL	Ordinary shares		20

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 Related undertakings (continued)

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

(ii) The following name changes were made during the year:

- Combined Power (South) Limited to Centrica Business Solutions (Generation) Limited;
- ENER-G Nedale BV to Centrica Business Solutions BV;
- Distributed Energy Canada Inc to Centrica Business Solutions Canada Inc;
- OLID Limited to Centrica Business Solutions International Limited;
- ENER-G Italia Srl to Centrica Business Solutions Italia Srl;
- ENER-G Combined Power Limited to Centrica Business Solutions UK Limited;
- ENER-G Energia Technologia Zrt to Centrica Business Solutions Zrt;
- Centrica Connected Home Canada Inc to Centrica Hive Canada Inc;
- Centrica Connected Home Limited to Centrica Hive Limited
- Centrica Connected Home Italy Srl to Centrica Hive Srl.

(iii) Acquired or established in 2018

(iv) Spirit Energy Limited changed the class of shares held from ordinary and preference shares to ordinary and deferred shares during 2018.

(v) Spirit Energy Petroleum Danmark AS principally operates in Denmark.

(vi) Spirit Europe Limited was renamed during the year (previously Spirit Europe Ltd).

(vii) CFCPS LLP and Finance Scotland CPS Limited Partnership were dissolved on 7 February 2018.

(viii) Restore Flexpond UK Limited changed its registered office on 9 January 2019 from 1 Glass Wharf, Bristol, BS2 0ZX, United Kingdom to the address listed above. It also changed its name to Centrica Business Solutions UK Optimisation Limited on 30 April 2019.

(ix) North Sea Infrastructure Partners Limited and NSIP (Holdings) Limited changed its registered office during the year from IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ to the address listed above.

(x) Bowland Resources (No. 2) Limited, Bowland Resources Limited, Elswick Energy Limited, Spirit Energy Hedging Holding Limited, Spirit Energy Hedging Limited, Spirit Energy Limited, Spirit Energy North Sea Limited, Spirit Energy Production UK Limited, Spirit Energy Resources Limited, Spirit Energy Treasury Limited, Spirit Energy WOS Limited, Spirit Norway Limited and Spirit Resources (Armada) Limited changed their registered address on 30 January 2019 from Millstream, Maidenhead Road, Windsor, SL4 5GD to the address listed above.

(xi) Spirit Energy Southern North Sea Limited and Spirit Europe Limited changed their registered address on 30 January 2019 from 160 London Road, Suite 4a London Road, Sevenoaks, Kent, TN13 1BT, United Kingdom to the address listed above.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 Related undertakings (continued)

(xii) Neas Energy A/S changed its name to Centrica Energy Trading A/S and Neas Energy Singapore Pte. Ltd changed its name to Centrica Energy Trading Pte. Ltd on 26 February 2019. Neas Energy Trading GmbH changed its name to Centrica Energy Trading GmbH on 20 March 2019.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 Related undertakings (continued)

List of registered addresses

Registered address key	Address
A	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
B	2323 32nd Avenue N.E., Calgary, AB T2E 6Z3, Canada
C	Thomas-Wimmer-Ring 1-3, 80539, Munich, Germany
D	1521 Concord Pike #303, Wilmington, DE 19803, United States
E	1 Warrington Place, Dublin, 2, Republic of Ireland
F	Woodland House, Woodland Park, Hessle, HU13 0F, United Kingdom
G	St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man
H	Via Paleocapa Pietro 4, 20121 Milano, ItalyVia Paleocapa Pietro 4, 20121 Milano, Italy
I	33-37 Athol Street, Douglas, IM1 1LB, Isle of Man
J	Polarisavenue 39, 2132 JH Hoofddorp, Netherlands
K	1Q Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom
L	47 Esplanade, St Helier, JE1 0BD, Jersey
M	G-74, LGF, Kalkaji, New Delhi, South Delhi, Delhi, 110019, India
N	26 New Street, St Helier, JE2 3RA, Jersey
O	48-50 Sackville Street, Port of Spain, Trinidad and Tobago
P	No 12A Sooty Street, Cnr Reddersburg & Virginia Street, Amberfield Glen, Rooihuiskraal, North Centurion Gauteng, 0175, South Africa
Q	333 Bay Street, Suite 400, Toronto ON M5H 2R2, Canada
R	1185 West Georgia Street, Suite 1700, Vancouver BC V6E 4E6, Canada
S	H-1106 Budapest, Jászberényi út 24-36, Hungary
T	Milan (MI), Via Emilio Comalia 26, Italy
U	Wiegerbruinlaan 2A, 1422 CB Uithoorn, Netherlands
V	15-23 Bucuresti Nord Street, Windsor Building, Ground Floor, Office No. 1, Voluntari, Ilfov County, Romania
W	1 More London Place, London, SE1 2AF, United Kingdom
X	20 A Heroiev Stalingrada Avenue, Kyiv 04210, Ukraine
Y	Skelagervej 1, DK 9000 Aalborg, Denmark
Z	Schillerstr. 7, 40721 Hilden (bei Düsseldorf), Germany
AA	220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852
AB	15 Atir Yeda Street, Kfar Saba, 44643, Israel
AC	Place de la Défense 12, Maison de la Défense, 92974 Paris, France
AD	Posthofbrug 12, 2600 Antwerp, Belgium
AE	Lilleakerveien 8, 0283 Oslo, Norway

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

21 Related undertakings (continued)

AF	13 Castle Street, St Helier, JE4 5UT, Jersey
AG	Rådhuspladsen 16, 1550 København V, Denmark
AH	Veritasveien 25, 4007 Stavenger, Norway
AI	160 London Road, Suite 4a London Road, Sevenoaks, Kent, TN13 1BT, United Kingdom
AJ	Ul. Wysogotowska 23, 62-081 Prezezmierowo, Poland
AK	90 Whitfield Street, London, W1T 4E2 United Kingdom (i)
AL	Innovation House, DCU Innovation Campus, 11 Old Finglas Road, Glasnevin, Dublin, 11, Republic of Ireland
AM	Graf-Adolf-Platz 12, 40213 Düsseldorf, Germany
AN	WTS LLC, 67 East Park Place, Morristown, New Jersey 07960, United States
AO	1 Glass Wharf, Bristol, BS2 0ZX, United Kingdom
AP	3 Boulevard de Sebastopol, 75001, Paris, France
AQ	Av. Presidente Masaryk No 61 Int 503 Col Chapultepec Morales, Miguel Hidalgo Ciudad de Mexico, Mexico 11570
AR	First Floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom (iii) (iv)
AS	17 Karsko, Dolice, Przelewice, 73-115, Pyrzyckie, Zachodniopomorskie, Poland
AT	Webworks, Eglinton Street, Cork, Republic of Ireland
AU	Mariagervej 58B, DK 9500 Hobro, Denmark
AV	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG

22 Related party transactions

During the year the Company charged for various Group services and received income of £19,313,000 (2017: £18,271,000) from the Spirit Energy group of companies.

23 Parent and ultimate parent undertaking

The immediate parent undertaking and controlling party 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 financial consolidated statements. Copies of the Centrica plc consolidated financial statements may be obtained from www.centrica.com.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

23 Parent and ultimate parent undertaking (continued)

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Centrica plc, incorporated in Centrica plc.

The address of Centrica plc is:

Millstream
Maidenhead Road
Windsor
SL45GD
United Kingdom

The above is the smallest group in which these financial statements are consolidated.