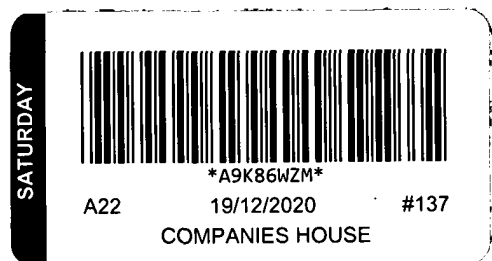


Registration number: 03186121

GB Gas Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



GB Gas Holdings Limited

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GB Gas Holdings Limited

Strategic Report for the Year Ended 31 December 2019

The Directors present their Strategic Report for GB Gas Holdings Limited (the 'Company') for the year ended 31 December 2019.

Principal activity

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

Section 172(1) Statement

Section 172(1) of the Companies Act 2006 provides that a Director of a company must act in a way that he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to various other stakeholder interests - below are the six key factors:

- the likely consequences of any decision in the long term;
- the interests of the company's employees, when relevant;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

In discharging our Section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decisions being made. Those factors, for example, include the interests and views of Centrica Group entities. The Directors remain conscious that their decisions could have an impact on other stakeholders where relevant. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances.

The Directors delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. The executives consider the Company's activities and make decisions. For example, each year an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties and decisions about the payment of dividends are made. In 2019 the Company paid an interim dividend of £747,000,000, but the payment of a final dividend was not recommended. In making the decision a range of factors were considered including the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and the expectations of our shareholder as the supplier of long-term equity capital to the Company.

As the principal activity of the Company is to act as a holding company, its stakeholders during the period include other Centrica Group companies and as such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

GB Gas Holdings Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Review of the business

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

The financial position of the Company is presented in the Statement of Financial Position on page 13. Total equity as at 31 December 2019 was £1,785,448,000 (2018: £3,124,076,000). The loss for the financial year ended 31 December 2019 was £(591,628,000) (2018: £356,437,000).

Changes to investments in subsidiaries and Joint Ventures and Associates were:

- The Company subscribed for an additional £1 share in Centrica Lake Limited with a premium of £19,999,999.
- An adjustment of £5,603,000 (2018: £29,602,000) was made to the Company's investment in Spirit Energy Limited as part of the expected payments to be made in respect of an indemnity provided under the terms of the acquisition in 2017. 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 £1,381,294,000 (2018: £756,557,000) related to an impairment of £844,737,000 (2018: £388,398,000) in respect of the Company's investment in Spirit Energy Limited, an impairment of £716,000 (2018: £368,159,000) in respect of the Company's investment in Centrica Finance (Scotland) Limited, an impairment of £57,926,000 (2018: £nil) in the Company's investment in Centrica Hive Limited, an impairment of £23,059,000 (2018: £nil) in the Company's investment in Centrica Storage Holdings Limited, an impairment of £299,856,000 (2018: £nil) in the Company's investment in Centrica Lake Limited, and an impairment of £155,000,000 (2018: £nil) in the Company's investment in Centrica LNG Company Limited.
- The Company's receivable from Ignite Social Enterprise LP was impaired by £1,715,000 (2018: £nil).
- The Company's participating interest of 24.4% in 4Energy Limited was dissolved on 6 June 2019.
- Impairments are listed in note 7.

Stakeholder Engagement

Proactive engagement remains a central focus for the Group, which ensures the directors have regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006. Further information on stakeholder engagement can be found on pages 16-17 of the Group's Annual Report and Accounts 2019. Engaging with stakeholders delivers better outcomes for society, and for our business. It is fundamental to our long-term success.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Centrica plc group (the 'Group') and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 34-43 of the Group's Annual Report and Accounts 2019, which does not form part of this report.

Exit from the European Union

The UK's exit from 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 is limited in the short-term. It is unclear whether a trade deal will be agreed with the European Union during 2020 or the transition period will end without terms being agreed. Extricate 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.

GB Gas Holdings Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Impact of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) outbreak and coronavirus disease (COVID-19) pandemic

On 11 March 2020 the World Health Organisation declared the SARS-CoV-2 outbreak and resultant COVID-19 to be a global pandemic. Following United Kingdom government measures in response to the pandemic the Group became subject to a significant change in business environment, as well as implementing a number of significant operational changes in order to be able to continue to serve and support our customers. However, there are no significant changes in the business environment or operational changes specific to the Company in carrying out its principal activities.

The events described above arose after the Company's balance sheet date, and therefore there is no impact on the results or financial position of the Company as at 31 December 2019. The Company is supported by the Group, which has stated that it intends to support the Company for a period of at least 12 months from the date the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid to Centrica plc for the foreseeable future unless sufficient financial resources and facilities are available to the Company. The Directors are aware that there are a range of future potential financial impacts upon the Group as a result of the pandemic including the carrying value of the Company's investments in Group companies but, following assurances from the ultimate parent company underpinned by its detailed assessment, have satisfied themselves that the Group will be able to support the Company if required under all reasonably foreseeable circumstances. For more information refer to the Going Concern section of the Directors' Report on page 5.

GB Gas Holdings Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Key performance indicators ('KPIs')

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

The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 18-19 of the Group's Annual Report and Accounts 2019, which does not form part of this report. The results of the Company are disclosed in the Directors' Report on page 5.

Future developments

On 11 June 2020, Centrica announced plans for a significant restructure designed to create a simpler, leaner group focused on improved service delivery for customers. The revised operating model is expected to accelerate the delivery of targeted cost savings and lead to a reduction of around 5,000 roles across the Group. The majority of the restructuring is expected to take place in the second half of 2020 after necessary consultations on the proposals have been concluded. The restructure will benefit the longer term value of the business, future operating profits and maintenance of a strong capital position of the Group. The Company would not expect to be materially impacted by the restructure but due to uncertainties arising from the consultation process it is not possible to quantify the effect at this time.

On 24 July 2020, the Group announced it had agreed to dispose of its North American supply, services and trading business, Direct Energy, to NRG for headline consideration of £2.85 billion (\$3.6 billion). The Company has indirect investments in the Canadian business of Direct Energy via its investment in Centrica Overseas Holdings Limited.

Approved by the Board on 17 December 2020 and signed on its behalf by:



Alan McCulloch

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

Company registered in England and Wales, No. 03186121

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

GB Gas Holdings Limited

Directors' Report for the Year Ended 31 December 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Directors of the Company

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

I G Dawson (resigned 31 March 2019)

A M Todd (resigned 18 November 2019)

C M O'Shea (resigned 24 July 2020)

J M Campbell (appointed 31 March 2019 and resigned 30 September 2020)

K B Ringrose (appointed 18 November 2019)

The following directors were appointed after the year end:

J R Ford (appointed 24 July 2020)

R Roy (appointed 1 October 2020)

Results and dividends

The results of the Company are set out on page 11. The loss for the financial year ended 31 December 2019 is £591,628,000 (2018: profit £356,437,000).

The Company paid an interim dividend of £747,000,000 during the year (2018: £783,000,000) and the Directors do not recommend the payment of a final dividend (2018: £nil).

Objectives and policies

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

Exposure in terms of price risk, credit risk, liquidity risk and cash flow risk

Exposure to counterparty credit risk, liquidity risk and cash flow risk arises in the normal course of the Company's business. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings.

Future developments

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

GB Gas Holdings Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

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 and that amounts owed to Group undertakings will not be required to be repaid to Centrica plc for the foreseeable future unless sufficient financial resources and facilities are available to the Company. The Directors are aware that while there are a range of future potential financial impacts upon the Group as a result of the COVID-19 pandemic, they have satisfied themselves that, following assurances from the ultimate parent company underpinned by its detailed assessment, the Group will be able to support the Company if required under all reasonably foreseeable circumstances. The key financial impacts to the Group are expected to be increasing levels of bad debt, reduced energy consumption from business customers, and the lockdown restricting the ability to carry out non-essential work in customers' homes and premises. The Group has substantial liquidity available to mitigate these adverse impacts and has also taken quick action to preserve cash as announced in the trading statement on 2 April 2020. The trading statement announced that the final 2019 dividend was cancelled, plans have been made to reduce cash expenditure by around £400m and management bonus payments have been paused. In July 2020 it was decided that management bonus payments would be cancelled. The Group going concern assessment included various sensitivities including the impacts of lower commodity pricing and a credit rating downgrade as well as mitigating actions such as reduction in capital expenditure and dividend reductions. The Centrica plc Board remains committed to maintaining a strong balance sheet. Moody's confirmed a Baa2 (negative) credit rating on 28 July 2020 and S&P confirmed a BBB (negative) credit rating on 30 July 2020.

Non adjusting events after the financial period

Subsequent to the balance sheet date, on 11 March 2020 the World Health Organisation declared the SARS-CoV-2 outbreak and resultant COVID-19 to be a global pandemic. The UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The Company has therefore concluded that the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore the consequences of such interventions represent non-adjusting post balance sheet events. The Company has no critical judgements or key sources of estimation uncertainty at the balance sheet date which could have been subsequently affected by these events. There have been no further non-adjusting significant events affecting the Company after the year end.

On 20 December 2019 the Company signed an agreement to sell its holding in the entire share capital of Centrica KL Limited to RWE Generation UK plc. Completion of the transaction took place in 2020.

On 24 July 2020, the Group announced it had agreed to dispose of its North American supply, services and trading business, Direct Energy, to NRG for headline consideration of £2.85 billion (\$3.6 billion). The Company has an indirect investment in the Canadian business via its subsidiary undertaking, Centrica Overseas Holdings Limited. The impact on the Company will not be clear until the sale has been completed.

Directors' and officers' liability

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

Statement of Directors' Responsibilities

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

GB Gas Holdings Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

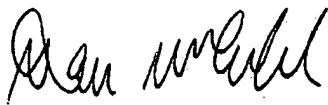
Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

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

Approved by the Board on 17 December 2020 and signed on its behalf by:



Alan McCulloch

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

Company registered in England and Wales, No. 03186121
Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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

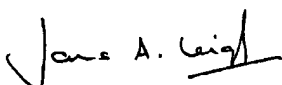
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 17 December 2020

GB Gas Holdings Limited

Income Statement for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Operating costs	5	(70,227)	(83,837)
Exceptional items - impairment of property, plant and equipment	7	(17,320)	-
Exceptional items - impairment charges	7	(1,381,294)	(756,557)
Exceptional items - income on the disposal of investments	7	30,428	11,637
Exceptional items - provision (charge)/reversal for credit losses on financial assets	7	(26,205)	15,532
Other income	4	<u>73,932</u>	<u>71,965</u>
Operating loss		<u>(1,390,686)</u>	<u>(741,260)</u>
Income from shares in Group undertakings	8	1,059,009	1,330,570
Finance income	9	124,876	134,444
Finance costs	9	<u>(442,878)</u>	<u>(417,886)</u>
Net finance cost		<u>(318,002)</u>	<u>(283,442)</u>
(Loss)/profit before taxation		(649,679)	305,868
Taxation on loss	11	<u>58,051</u>	<u>50,569</u>
(Loss)/profit for the year from continuing operations		<u><u>(591,628)</u></u>	<u><u>356,437</u></u>

The above results were derived from continuing operations.

GB Gas Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	2019 £ 000	2018 £ 000
(Loss)/profit for the year	<u>(591,628)</u>	<u>356,437</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the year	<u><u>(591,628)</u></u>	<u><u>356,437</u></u>

The notes on pages 16 to 60 form an integral part of these financial statements.

GB Gas Holdings Limited

Statement of Financial Position as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Non-current assets			
Property, plant and equipment	12	187,714	52,986
Deferred tax assets	11	62,330	24,396
Investments	13	8,860,137	10,227,034
Trade and other receivables	14	1,562,450	1,562,315
		<u>10,672,631</u>	<u>11,866,731</u>
Current assets			
Trade and other receivables	14	169,235	317,505
Cash and cash equivalents		2,347	2,854
		<u>171,582</u>	<u>320,359</u>
Total assets		<u>10,844,213</u>	<u>12,187,090</u>
Current liabilities			
Trade and other payables	16	(6,946,212)	(7,025,254)
Provisions for other liabilities and charges	17	(9,640)	(4,788)
Borrowings	15	(34,383)	-
		<u>(6,990,235)</u>	<u>(7,030,042)</u>
Net current liabilities		<u>(6,818,653)</u>	<u>(6,709,683)</u>
Total assets less current liabilities		3,853,978	5,157,048
Non-current liabilities			
Deferred tax liabilities	11	(1,300)	(1,556)
Trade and other payables	16	(1,901,864)	(2,002,304)
Provisions for other liabilities and charges	17	(25,434)	(29,112)
Borrowings	15	(139,932)	-
		<u>(2,068,530)</u>	<u>(2,032,972)</u>
Net assets		<u>1,785,448</u>	<u>3,124,076</u>
Equity			
Share capital	18	1,473	1,473
Share premium		500,000	500,000
Retained earnings		1,283,975	2,622,603
Total equity		<u>1,785,448</u>	<u>3,124,076</u>

The notes on pages 16 to 60 form an integral part of these financial statements.

GB Gas Holdings Limited

Statement of Financial Position as at 31 December 2019 (continued)

The financial statement on pages 11 to 60 were approved and authorised for issue by the Board of Directors on 17. December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'K B Ringrose', written over a dotted line.

.....
K B Ringrose
Director

Company number 03186121

The notes on pages 16 to 60 form an integral part of these financial statements.

GB Gas Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2019	1,473	500,000	2,622,603	3,124,076
Loss for the year	-	-	(591,628)	(591,628)
Total comprehensive income	-	-	(591,628)	(591,628)
Dividends	-	-	(747,000)	(747,000)
At 31 December 2019	<u>1,473</u>	<u>500,000</u>	<u>1,283,975</u>	<u>1,785,448</u>

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2018	1,473	500,000	3,049,166	3,550,639
Profit for the year	-	-	356,437	356,437
Total comprehensive income	-	-	356,437	356,437
Dividends	-	-	(783,000)	(783,000)
At 31 December 2018	<u>1,473</u>	<u>500,000</u>	<u>2,622,603</u>	<u>3,124,076</u>

The notes on pages 16 to 60 form an integral part of these financial statements.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

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 address of its registered office and principal place of business is:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

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

2 Accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of 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.

Changes in accounting policy

From 1 January 2019, the following standards and amendments are effective in the Company's Financial Statements:

- IFRS 16: 'Leases'

The impact of adoption of IFRS 16 and the key changes to the accounting policy are disclosed below.

Changes resulting from adoption of IFRS 16

IFRS 16: 'Leases'

The Company adopted IFRS 16: 'Leases' from 1 January 2019. Adoption represents a significant change in accounting for lease arrangements in which the Company is a lessee as the standard mandates the on-balance sheet recognition of all lease liabilities and a corresponding right-of-use asset. In accordance with the transition provisions of IFRS 16, for contracts entered into before 1 January 2019, the requirements of the standard have been applied only to contracts previously identified as leases in accordance with IAS 17: 'Leases' or IFRIC 4: 'Determining Whether an Arrangement Contains a Lease'. For contracts entered into or modified after that date the definition of a lease in IFRS 16 has been applied. On application of IFRS 16 comparative information has not been restated.

The Company utilised the recognition exemptions for both short-term leases applicable to machinery, property and exploration and production assets that have a lease term of 12 months or less and for leases of low value assets (underlying asset value less than £5,000), including IT equipment. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term. The Company has also applied wherever applicable the following transition allowances:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics;

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

- reliance on previous assessment of whether leases are onerous in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- election not to apply the measurement requirements of the standard to leases where the term ends within 12 months of the date of initial application; and
- exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

On transition, the Company measured lease liabilities for leases previously assessed as operating at the present value of the remaining lease payments and elected to measure the associated right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. For arrangements previously assessed as finance leases, the asset and liability balances at 31 December 2018 were carried forward as the opening IFRS 16 balances and subsequently measured in accordance with the new standard.

Application resulted in the recognition of total lease liabilities and right-of-use assets on 1 January 2019 of £172,550,000 and £160,076,000, respectively. £23,071,000 million of the lease liability is incremental to the IAS 17 position. Right-of-use assets are presented in Property, plant and equipment on the Statement of Financial Position. Lease liabilities are included in Current and Non-current Borrowings.

A reconciliation of the operating lease commitment at 31 December 2018 to the opening IFRS 16 lease liability is shown below, along with a summary of the key judgements applied by the Company in determining these opening positions:

	Note	£ 000
Operating lease commitment at 31 December 2018		149,479
Net extension and termination options reasonably certain to be exercised		44,524
Leases not accounted for under IFRS 16		(4,828)
Effect of discounting		<u>(16,625)</u>
IFRS 16 lease liability at 1 January 2019		<u>172,550</u>

The weighted average incremental borrowing rate used by the Company for IFRS 16 is 2%.

Extension and termination options

The existence and assessment of whether a renewal or termination option is 'reasonably certain' to be exercised is particularly relevant to the Company's significant property portfolio. The Company considers, amongst other factors, the type of property and its purpose, the location of the property, the strategic direction of the business the property is used by and how far into the future the option arises when determining whether exercise is reasonably certain, along with consideration of whether economic incentive to exercise the option exists. Where exercise of an option is considered to be reasonably certain, the termination period or renewal period is excluded or included in the lease term, respectively, when calculating the lease liability.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Subleases

IFRS 16 required an assessment, on a lease by lease basis, of whether the sublet is a finance or operating lease arrangement depending on whether substantially all the risks and rewards of the sublet right-of-use asset were transferred over to the sublessee, and the sublessor no longer had control over the identifiable asset.

Upon sublet of an operating lease, the right-of-use asset would remain in the books of the sublessor, and any income received would be recognised on a straight-line basis similar to pre IFRS 16. Upon sublet of a finance lease, the portion or entire right-of-use asset - depending on the sublet terms - would be derecognised and an equivalent gross investment in the sublease would be recognised on the balance sheet based on the discounted future cash inflows expected.

The Company recognised £5,251,000 finance sub-leases with external counterparties at the date of transition on the basis that control over the usage of the right-of-use property asset had passed to the sub-lessor under the terms of the arrangement.

Significant Changes in the Company's Accounting Policy applicable from 1 January 2019

Leases

Definition of a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounting using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Leases payments included in the measurement of the lease liability comprise: fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be payable under a residual value guarantee, and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early. Variable lease payments that do not depend on an index or rate are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, lease-term extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company recognises the lease payments associated with short-term leases (leases expiring within twelve months from commencement) and leases of low value assets (underlying asset value less than £5,000) on a straight-line basis over the lease term.

Summary of disclosure exemptions

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

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

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

- certain disclosures required by 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.;

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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.

Exemption from preparing group accounts

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

Going concern

The 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 and that amounts owed to Group undertakings will not be required to be repaid to Centrica plc for the foreseeable future unless sufficient financial resources and facilities are available to the Company. The Directors are aware that while there are a range of future potential financial impacts upon the Group as a result of the COVID-19 pandemic, they have satisfied themselves that, following assurances from the ultimate parent company underpinned by its detailed assessment, the Group will be able to support the Company if required under all reasonably foreseeable circumstances. The key financial impacts to the Group are expected to be increasing levels of bad debt, reduced energy consumption from business customers, and the lockdown restricting the ability to carry out non-essential work in customer's homes and premises. The Group has substantial liquidity available to mitigate these adverse impacts and has also taken quick action to preserve cash as announced in the trading statement on 2 April 2020. The trading statement announced that the final 2019 dividend was cancelled, plans have been made to reduce cash expenditure by around £400 million and management bonus payments have been paused. In July 2020 it was decided that management bonus payments would be cancelled. The Group going concern assessment included various sensitivities including the impacts of lower commodity pricing and a credit rating downgrade as well as mitigating actions such as reduction in capital expenditure and dividend reductions. The Centrica plc Board remains committed to maintaining a strong balance sheet. Moody's confirmed a Baa2 (negative) credit rating on 28 July and S&P confirmed a BBB (negative) credit rating on 30 July.

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 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.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Dividend income

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

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.

Foreign currencies

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

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

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

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

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

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

Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 2019 (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 Property, Plant and Equipment ("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 PP&E. The unwinding of the discount on the provision is included in the Income Statement within finance costs.

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

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

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

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

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Depreciation of PPE

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

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.

Assets held as right-of-use assets are depreciated over their expected useful lives on the same basis as for owned assets, or where shorter, the lease term.

Investments in subsidiaries

Fixed asset investments in subsidiaries are held at deemed cost on transition to FRS 101 and in accordance with IAS 27, less any provision for impairment as necessary.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised in the Income Statement within interest expense.

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Impairment

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

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss in respect of goodwill shall not be reversed in a subsequent period. 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.

The Company provides for impairments of financial assets when there is objective evidence of impairment as a result of events that impact the estimated future cash flows of the financial assets.

Financial assets and liabilities

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

- Trade and other receivables

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

- Trade and other payables

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

- 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.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

- 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.

- Interest-bearing loans and other borrowings

All interest-bearing (and interest-free) loans and other borrowings with banks or and similar institutions and inter-company entities are initially recognised at fair value net of directly attributable transaction costs (if any, in respect of inter-company 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.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Investments in subsidiaries, associates and joint-ventures

A key accounting judgement of the Company is that the carrying value of its investments in subsidiaries, associates and inter company receivables 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 £3,478,067,000 (2018: £2,101,230,000).

Credit provisions for inter company receivables

The review of inter company receivables for the provision for credit losses is performed on an annual basis and is based on an expected credit loss model that calculates any expected loss applicable to the receivable balance. The model takes into account whether the receivable is repayable on demand and the probability of default by the related party.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Other operating income

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

	2019 £ 000	2018 £ 000
Profit on disposal of fixed assets	2,219	809
Other income	71,713	71,156
	<u>73,932</u>	<u>71,965</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.

5 Analysis of costs by nature

	2019 Operating costs £ 000	2018 Operating costs £ 000
Depreciation ⁽ⁱ⁾	(28,990)	(5,983)
Facilities and property costs ⁽ⁱⁱ⁾	(29,000)	(56,265)
Other operating costs ⁽ⁱⁱⁱ⁾	(12,237)	(21,589)
Total costs by nature	<u>(70,227)</u>	<u>(83,837)</u>

⁽ⁱ⁾ Includes £26,351,000 depreciation on right-of-use assets recognised under IFRS16.

⁽ⁱⁱ⁾ Excludes depreciation costs.

⁽ⁱⁱⁱ⁾ Other costs comprise recharges from other Group companies and legal and professional fees.

6 Employees' costs

The Company had no employees during the year (2018: 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 2019 (continued)

7 Exceptional items

The following exceptional items were recognised in arriving at operating loss for the reporting year:

	2019 £ 000	2018 £ 000
Exceptional items - impairment of property, plant and equipment ⁽ⁱ⁾	(17,320)	-
Exceptional items - impairment charges ⁽ⁱⁱ⁾	(1,381,294)	(756,557)
Exceptional items - provision (charge)/reversal for credit losses on financial assets ⁽ⁱⁱⁱ⁾	(26,205)	15,532
Exceptional items - income on the disposal of investments ^(iv)	30,428	11,637
	<u>(1,394,391)</u>	<u>(729,388)</u>

⁽ⁱ⁾ Exceptional impairments relates to Group property sites which have been closed including £9,500,000 for Staines Riverside, Staines.

⁽ⁱⁱ⁾ Impairment charges are analysed below.

	2019 £ 000	2018 £ 000
Impairment of subsidiary undertakings		
Spirit Energy Limited	(844,737)	(388,398)
Centrica Lake Limited	(299,856)	-
Centrica Hive Limited	(57,926)	-
Centrica Storage Holdings Limited	(23,059)	-
Centrica LNG Company Limited	(155,000)	-
Centrica Finance (Scotland) Limited	(716)	(368,159)
	<u>(1,381,294)</u>	<u>(756,557)</u>

⁽ⁱⁱⁱ⁾ In 2019 the Company made a provision for credit losses on financial assets of £26,205,000 (2018: £15,532,000 reversal of provision), this provision relates to amounts owed from Group undertakings.

^(iv) Income on disposal of investments of £30,428,000 (2018: £11,637,000) related to contingent consideration received from the sale of interests in Trinidad and Tobago in 2016, not previously expected.

	2019 £ 000	2018 £ 000
Net income on disposal of investments is analysed below:		
Income from sale of interest in Trinidad and Tobago	30,428	11,637
	<u>30,428</u>	<u>11,637</u>

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Income from shares in Group undertakings

Income from shares in Group undertakings was received from the followings investments:

	2019 £ 000	2018 £000
British Gas Insurance Limited	83,000	76,000
British Gas Trading Limited	500,000	500,000
Centrica Renewable Energy Limited	-	150,000
Centrica Overseas Holdings Limited	-	133,000
Centrica Finance (Scotland) Limited	-	471,570
British Gas New Heating Limited	100,000	-
Centrica Energy Limited	100,000	-
Spirit Energy Limited	275,974	-
Gemserv Limited	35	-
Total income from shares in Group undertakings	1,059,009	1,330,570

9 Net finance income/cost

Finance income

	2019 £ 000	2018 £ 000
Interest income from amounts owed by Group undertakings	124,876	132,289
Net foreign exchange gains on financing transactions	-	2,155
Total finance income	124,876	134,444

Finance cost

	2019 £ 000	2018 £ 000
Interest on amounts owed to Group undertakings	(436,647)	(415,104)
Net foreign exchange losses on financing transactions	(1,334)	(380)
Other finance costs	(1,801)	(2,402)
Interest expense on leases - Property	(3,096)	-
Total finance costs	(442,878)	(417,886)
Net finance income/(cost)	(318,002)	(283,442)

10 Auditors' remuneration

Auditors' remuneration totalling £12,000 (2018: £12,000) relates to fees for the audit of the Financial Statements of the Company.

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

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Income tax

Tax credited/(charged) in the Income Statement

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax at 19% (2018: 19%)	33,637	32,553
UK corporation tax adjustment to prior periods	(13,776)	(440)
	<u>19,861</u>	<u>32,113</u>
Deferred taxation		
Origination and reversal of temporary differences	27,445	20,093
Changes in tax rates	(2,889)	(2,175)
Adjustment in respect of prior period	13,634	-
Arising from write-down or reversal of write-down of deferred tax asset	-	538
	<u>38,190</u>	<u>18,456</u>
Total deferred taxation		
	<u>58,051</u>	<u>50,569</u>
Taxation on profit		

The main rate of corporation tax for the year to 31 December 2019 was 19% (2018: 19%). The corporation tax rate was due to reduce to 17% with effect from 1 April 2020. However, at the Budget on 11 March 2020 it was announced that the rate of corporation tax will remain at 19%. The deferred tax balances provided in these financial statements reflect the enacted rate of 17%; when the Finance Bill 2020 is enacted the impact on deferred tax balances is not expected to be material.

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

	2019 £ 000	2018 £ 000
(Loss)/profit before tax	<u>(649,679)</u>	<u>305,868</u>
Tax on loss at standard UK corporation tax rate of 19% (2018: 19%)	123,439	(58,115)
Increase (decrease) in current tax from adjustment for prior periods	(142)	99
Decrease (increase) from effect of income exempt from taxation	206,993	114,224
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	(269,350)	(2,823)
Increase (decrease) arising from group relief tax reconciliation	(1,110)	(457)
Increase (decrease) from transfer pricing adjustments	1,110	457
Increase from effect of UK tax rate changes	(2,889)	(2,176)
UK tax on income attributed from foreign subsidiaries	-	(640)
	<u>58,051</u>	<u>50,569</u>
Total tax credit		

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Income tax (continued)

Deferred tax

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

	Accelerated tax depreciation £000	Loans and other borrowings £000	Other items £000	Total £ 000
1 January 2019	(1,556)	18,765	5,631	22,840
Prior period adjustments	(3)	13,497	140	13,634
Charged to the Income Statement	259	24,142	155	24,556
31 December 2019	<u>(1,300)</u>	<u>56,404</u>	<u>5,926</u>	<u>61,030</u>

	Accelerated tax depreciation £000	Loans and other borrowings (as reanalysed) £000	Other items (as reanalysed) £000	Total £ 000
1 January 2018	(1,977)	-	6,361	4,384
Charged to the Income Statement	421	18,765	(730)	18,456
31 December 2018	<u>(1,556)</u>	<u>18,765</u>	<u>5,631</u>	<u>22,840</u>

Deferred tax on Loans and other borrowings relates to interest temporarily disallowed under the corporate interest rules.

Unrecognised deferred tax

At the balance sheet date, the Company has unrecognised capital losses of £133,977,507 (2018: £130,257,000) available against future chargeable gains.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Property, plant and equipment

	Land and buildings £ 000	Plant and equipment, fixtures and fittings £ 000	Total £ 000
Cost			
At 1 January 2019	53,949	68,942	122,891
Right-of-use assets recognised on adoption of IFRS 16	160,076	-	160,076
Lease modifications and re-measurements	15,635	-	15,635
Additions	14,650	-	14,650
Disposals and surrenders	(653)	(21,661)	(22,314)
At 31 December 2019	<u>243,657</u>	<u>47,281</u>	<u>290,938</u>
Accumulated depreciation and impairment			
At 1 January 2019	(18,947)	(50,958)	(69,905)
Charge for the year	(26,289)	(2,701)	(28,990)
Disposals and surrenders	555	12,436	12,991
Impairment	(17,320)	-	(17,320)
At 31 December 2019	<u>(62,001)</u>	<u>(41,223)</u>	<u>(103,224)</u>
Net book value			
At 31 December 2019	<u>181,656</u>	<u>6,058</u>	<u>187,714</u>
At 31 December 2018	<u>35,002</u>	<u>17,984</u>	<u>52,986</u>

Land and Buildings at 31 December 2019 reflect right-of-use assets with a net book value of £156,948,000 which are recognised in accordance with IFRS 16. Additions in the year amounted to £30,285,000 and depreciation to £33,413,000.

Included within the net book value of land and buildings above is £24,708,000 (2018: £24,708,000) in respect of freehold land and buildings,

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments

Fixed asset investments	£ 000
Cost or valuation	
At 1 January 2018	12,255,599
Additions	97,810
Adjustment to cost	(29,602)
At 31 December 2018	12,323,807
At 1 January 2019	12,323,807
Additions	20,000
Adjustment to cost	(5,603)
At 31 December 2019	12,338,204
Provision	
At 1 January 2018	(1,340,216)
Provision	(756,557)
At 31 December 2018	(2,096,773)
At 1 January 2019	(2,096,773)
Impairments provided in the year	(1,381,294)
At 31 December 2019	(3,478,067)
Net book value	
At 31 December 2019	8,860,137
At 31 December 2018	10,227,034

On 26 March 2019 the Company subscribed for an additional £1 share in Centrica Lake Limited with a premium of £19,999,999 (2018: £nil).

The 2018 additions comprised shares purchased from British Gas Trading Limited totalling £59,811,000 (Centrica Hive Limited; £77,926,000, ECL Investment Limited; £1,810,000, ECL Contracts Limited; £75,000, Hillserve Limited; £2, Electricity Direct (UK) Limited; £2) and £37,999,000 which was the final contribution payable under the 2017 Contribution Agreement for the Company's investment in Spirit Energy Limited.

In December 2019 the Company's investment in Spirit Energy Limited was reduced by £5,603,000 (2018: £29,602,000) as a result of a reduction in the estimate of decommissioning costs.

Investment impairments are listed in note 7.

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 the reporting date 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, a cumulative impairment charge of £3,206,425,000 (2018: £1,825,131,000) is not classified as a realised loss.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Joint ventures and associates

£ 000

Cost or valuation

At 1 January 2018	4,457
At 31 December 2018	4,457
At 1 January 2019	4,457
Disposals	(4,457)
At 31 December 2019	-

Provision

At 1 January 2018	(4,457)
At 31 December 2018	(4,457)
At 1 January 2019	(4,457)
Eliminated on disposals	4,457
At 31 December 2019	-

Carrying amount

At 31 December 2019	-
At 31 December 2018	-

The Company's participating interest of 24.4% in 4Energy Limited was dissolved on 6 June 2019.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Details of the investments as at 31 December 2019 are as follows:

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
5016892 Ontario Ltd. (i) (ii) (v)	Gas and/or oil exploration and/or production and/or trading	350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada Canada	Ordinary shares	100%	100%
Accord Energy (Trading) Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Accord Energy Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Alertme.com GmbH	Non-trading	Thomas-Wimmer-Ring 1-3, 80539, Munich, Germany Germany	Ordinary shares	100%	100%
Alertme.com Inc.	Energy management products and services	1521 Concord Pike #303, Wilmington, DE 19803, United States United States	Ordinary shares	100%	100%
Atform Limited	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Bord Energy Limited	Gáis Energy supply and power generation	1 Warrington Place, Dublin 2, Republic of Ireland Republic of Ireland	Ordinary shares	100%	100%
Brae Canada Ltd. (ii) (v)	Gas and/or oil exploration and/or production	350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada Canada	Ordinary and preference shares	100%	100%
British Energy Procurement Limited	Gas Energy supply	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
British Finance Limited*	Gas Vehicle leasing	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
British Insurance Limited*	Gas Insurance provision	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
British Limited*	Gas Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
British Gas New Heating Limited*	Electrical and gas installations	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
British Services (Commercial) Limited*	Gas Servicing and installation of heating systems	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
British Services Limited*	Gas Home services	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
British Social Housing Limited	Gas Servicing and installation of heating systems	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
British Gas Solar Limited	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
British Trading Limited*	Gas Energy supply	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
British Gas Limited (iii)	X Energy supply	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	0%
Business Limited*	Gas Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Caythorpe Storage Limited	Gas Gas storage	Woodland House, Woodland Park, Hessle, HU13 0FA, United Kingdom	Ordinary shares	100%	100%
Centrica Limited*	(IOM) Dormant	Third Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man	Ordinary shares	100%	100%
Centrica Wind Limited	(Lincs) Farm Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Limited*	Barry Power generation	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Limited*	Brigg Power generation	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Business Solutions (Generation) Limited	Power generation	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Business Solutions Belgium NV (i)	Demand response aggregation	Posthofbrug 12, 2600 Antwerp, Belgium	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Centrica Business Solutions BV	Energy management products and services	Wiegerbruinlaan 2A, 1422 CB Uithoorn, Netherlands	Ordinary shares	100%	100%
Centrica Business Solutions Canada Inc (v)	Energy management products and services	350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada	Ordinary shares	100%	100%
Centrica Business Solutions Deutschland GmbH (i) (vii)	Demand response aggregation	Neuer Wall 10, 20354 Hamburg, Germany	Ordinary shares	100%	100%
Centrica Business Solutions France SASU (i)	Demand response aggregation	Place de la Défense 12, Maison de la Défense, 92974 Paris, France	Ordinary shares	100%	100%
Centrica Business Solutions International Limited	Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Business Solutions Ireland Limited (i) (iii)	Holding company	1 The Seapoint Building, Clontarf, Dublin 3, Republic of Ireland	Ordinary shares	100%	0%
Centrica Business Solutions Italia Srl	Energy management products and services	Milan (MI), Via Emilio Cornalia 26, Italy	Ordinary shares	100%	100%
Centrica Business Solutions Management Limited (i)*	Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Business Solutions México S.A. de C.V. (viii)	Energy management products and services	Presidente Masaryk no. 61, Piso 7, Mexico, D.f. CP 11570, Mexico	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Centrica Business Solutions Romania Srl (i) (ix)	Energy management products and services	Strada Martir Colonel Ioan Uta nr.28 camera 1, Municipiul Timisoara judet Timis, Romania Romania	Ordinary shares	100%	100%
Centrica Business Solutions Limited	Energy management products and services	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Business Solutions UK Optimisation Limited (i)	Demand response aggregation	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Business Solutions Zrt	Energy management products and services	H-1106 Budapest Jászberényi út 24-36, Hungary Hungary	Ordinary shares	100%	100%
Centrica Combined Common Investment Fund Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Limited	Delta Dormant	33-37 Athol Street, Douglas, IM1 1LB, Isle of Man Isle of Man	Ordinary shares	100%	100%
Centrica Directors Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Distributed Generation Limited*	Power generation	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Energy (Trading) Limited	Wholesale energy trading	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Centrica Limited*	Energy Wholesale trading	energy Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Marketing Limited*	Energy Wholesale trading	energy Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Operations Limited*	Energy Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Renewable Investments Limited*	Energy Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Trading A/S (i)	Energy services and wholesale trading	energy Skelagervej 1, DK 9000 Aalborg, Denmark	Ordinary shares	100%	100%
Centrica Trading GmbH (i) (x)	Energy services and wholesale trading	energy Gustav-Mahler-Platz 1, 20354 Hamburg, Germany	Ordinary shares	100%	100%
Centrica Trading Pte. Ltd (i)	Energy services and wholesale trading	energy 220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852, Republic of Singapore	Ordinary shares	100%	100%
Centrica Engineers Pension Trustees Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Finance (Canada) Limited	Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Centrica Finance (Scotland) Limited*	Holding company	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Finance Investments Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Finance Norway Limited	Group financing	47 Esplanade, St Helier, JE1 0BD, Jersey Jersey	Ordinary shares	100%	100%
Centrica Gamma Holdings Limited	Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Canada Inc.	Hive Energy management products and services	350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada Canada	Ordinary shares	100%	100%
Centrica Limited*	Hive Energy management products and services	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica SAS (xvii)	Hive Energy management products and services	3 Boulevard de Sebastopol, 75001, Paris, France France	Ordinary Shares	100%	100%
Centrica Hive Srl	Hive Energy management products and services	Via Paleocapa Pietro 4, 20121, Milano, Italy Italy	Ordinary shares	100%	100%
Centrica GP Limited*	Ignite Investment company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Centrica LP Limited*	Ignite Investment company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Offshore Limited	India Private Business services	G-74, LGF, Kalkaji, New Delhi, South Delhi, 110019, India India	Ordinary shares	100%	100%
Centrica Infrastructure Limited*	Dormant	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Innovations Limited*	Investment company UK	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Insurance Company Limited*	Insurance provision	Third Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man Isle of Man	Ordinary and preference shares	100%	100%
Centrica Limited	Jersey Dormant	26 New Street, St Helier, JE2 3RA, Jersey Jersey	Ordinary shares	100%	100%
Centrica Limited (xvi)*	KL Power generation	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Limited*	KPS Power generation	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Centrica Limited*	Lake Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Centrica Leasing (KL) Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Company Limited*	LNG LNG Trading	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica UK Limited*	LNG LNG Trading	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Nederland (xii)	Holding company BV	Wiegerbruin laan 2a, 1422 CB Uithoorn, Netherlands	Ordinary shares	100%	100%
Centrica 123 Limited*	NewCo Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Limited*	No. 12 Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Nominees Limited*	Dormant No.1	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Offshore Limited	Gas and/or oil exploration and production UK	Woodland House, Woodland Park, Hessle, HU13 0FA, United Kingdom	Ordinary shares	100%	100%
Centrica Processing Limited	Onshore UK Dormant	Woodland House, Woodland Park, Hessle, HU13 0FA, United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Centrica Overseas Holdings Limited*	Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Limited*	PB Power generation	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Pension Plan Trustees Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Limited by guarantee	100%	100%
Centrica Pension Trustees Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Production Limited (xi)*	Dormant	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom	Ordinary shares	100%	100%
Centrica Resources Limited*	(UK) Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Resources Petroleum Limited*	UK Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Secretaries Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Services Limited*	Business services	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Centrica Storage Holdings Limited*	Holding company	Woodland House, Woodland Park, Hessle, HU13 0FA, United Kingdom	Ordinary shares	100%	100%
Centrica Storage Limited	Gas production and processing	Woodland House, Woodland Park, Hessle, HU13 0FA, United Kingdom	Ordinary shares	100%	100%
Centrica Trinidad and Tobago Limited	Business services	48-50 Sackville Street, Port of Spain, Trinidad and Tobago	Ordinary shares	100%	100%
Centrica Trust (No.1) Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Centrica Upstream Investment Limited (xi)*	Dormant	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom	Ordinary shares	100%	100%
CF 2016 LLP	Group financing	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Membership interest	100%	100%
CFCEPS LLP	Group financing	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Membership interest	100%	100%
CFCPP LLP	Group financing	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Membership interest	100%	100%
CH4 Limited*	Energy	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment				Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
							2019	2018
CID1 Limited*		Dormant		Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%	
CIU1 Limited*		Dormant		Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%	
CSA Services (Proprietary) Limited	Offshore	Business services		No. 12A Sooty Street, Cnr Reddersburg & Virginia Street, Amberfield Glen, Rooihuiskraal, North Centurion Gauteng, 0175, South Africa South Africa	Ordinary shares	100%	100%	
DEML Investments Limited		Holding company		333 Bay Street, Suite 400, Toronto ON, M5H 2R2, Canada Canada	Ordinary shares	100%	100%	
DER Development No. 10 Ltd. (v)		Holding company		350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada Canada	Ordinary shares	100%	100%	
Direct (B.C.) (xiii)	Energy Limited	Energy supply and/or services		500 Burrard Street, Suite 2900, Vancouver BC V6C A3, Canada Canada	Ordinary shares	100%	100%	
Direct Holdings (Alberta) Inc. (v)	Energy	Home and/or commercial services		350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada Canada	Ordinary shares	100%	100%	
Direct HVAC Ltd. (v)	Energy Services	Home and/or commercial services		350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada Canada	Ordinary shares	100%	100%	

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment		Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
					2019	2018
Direct Marketing Limited	Energy	Energy supply and/or services	333 Bay Street, Suite 400, Toronto ON, M5H 2R2, Canada Canada	Ordinary shares	100%	100%
Direct Partnership (v)	Energy	Energy supply	350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada Canada	Membership interest	100%	100%
Direct Resources Partnership (v)	Energy	Holding entity	350 7th Avenue SW, Suite 3400, Calgary AB T2P3N9, Canada Canada	Membership interest	100%	100%
Distributed Energy Solutions Limited	Asset	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Distributed Energy Solutions Limited	Customer	Energy management products and services	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Drips Limited*		Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Dyno Developments Limited		Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Dyno-Plumbing Limited		Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Dyno-Rod Limited		Operation of franchise network	a Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Dyno-Security Services Limited	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Dyno-Services Limited	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
ECL Contracts Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
ECL Investments Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Electricity Direct (UK) Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
ENER-G Cogen International Limited*	Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
ENER-G Nagykanizsa Kft	Energy management products and services	H-1106 Budapest Jászberényi út 24-36, Hungary	Ordinary shares	100%	100%
ENER-G Power2 Limited	Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Energy Tomorrow*	For Not-for-profit energy services	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Limited by guarantee	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
FES Energy Solutions Limited (iii)	Energy supply and/or services	1 Warrington Place, Dublin 2, Republic of Ireland Republic of Ireland	Ordinary shares	100%	0%
Finance Scotland 2016 Limited Partnership (xi)	Group financing	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom United Kingdom	Membership interest	100%	100%
Finance Scotland CEPS Limited Partnership (xi)	Group financing	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom United Kingdom	Membership interest	100%	100%
Finance Scotland CPP Limited Partnership (xi)	Group financing	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom United Kingdom	Membership interest	100%	100%
Generation Green Solar Limited	Dormant community benefit society	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
GF One Limited	In liquidation	1 More London Place, London, SE1 2AF, United Kingdom United Kingdom	Ordinary shares	75%	75%
GF Limited*	Two In liquidation	1 More London Place, London, SE1 2AF, United Kingdom United Kingdom	Ordinary shares	75%	75%
Goldbrand Development Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Hillserve Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity		Registered office	Holding	Proportion of ownership interest and voting rights held	
					2019	2018
Home Assistance UK Limited*	Non-trading		Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Ignite Enterprise LP	Social enterprise investment fund	Social enterprise investment fund	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Membership interest	100%	100%
Io-Tahoe Limited	UK	Data management	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Io Tahoe Ukraine LLC		Data management	20 A Heroiev Stalingrada Avenue, Kyiv 04210, Ukraine Ukraine	Ordinary shares	100%	100%
Neas Limited	Energy	Energy services and wholesale energy trading	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
Neas Invest A/S		Dormant	Skelagervej 1, DK 9000 Aalborg, Denmark Denmark	Ordinary shares	100%	100%
Newco Limited*	One	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom United Kingdom	Ordinary shares	100%	100%
North Infrastructure Partners Limited*	Sea	Dormant	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom United Kingdom	Ordinary shares	100%	100%
NSIP (Holdings) Limited*		Dormant	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG United Kingdom United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
P.H. Jones Facilities Management Ltd	Servicing and maintenance of heating systems	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
P.H Jones Group Limited	Holding company	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Panoramic Power Ltd.	Energy management products and services	15 Atir Yeda Street, Kfar Saba, 44643, Israel	Ordinary shares	100%	100%
Pioneer Shipping Limited*	LNG chartering vessel	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Repair and Care Limited*	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
REstore America LLC	North Demand aggregation response	WTS LLC, 67 East Park Place, Morristown, New Jersey 07960, United States	Membership interest	100%	100%
Solar Technologies Group Limited	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Solar Technologies Limited	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%
Soren Limited	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	100%	100%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Bayerngas Norge AS (xv)	Holding company	Lilleakerveien 8, 0283 Oslo, Norway Norway	Ordinary shares	69%	69%
Bowland Resources (No.2) Limited	Gas and/or exploration production	oil and First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
Bowland Resources Limited	Gas and/or exploration production	oil and First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
Elswick Energy Limited	Gas and/or exploration production	oil and First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
NSGP (Ensign) Limited (xiv)	Gas and/or exploration production	oil and Sanne, IFC5, St Helier, JE1 1ST, Jersey Jersey	Ordinary shares	69%	69%
Spirit Energy Danmark ApS	Gas and/or exploration production	oil and Rådhuspladsen 16, 1550 København V, Denmark Denmark	Ordinary shares	69%	69%
Spirit Hedging Limited	Energy Holding	Dormant First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
Spirit Hedging Limited	Energy Holding	Dormant First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
Spirit Limited*	Energy Holding company	First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary and deferred shares	69%	69%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Spirit Energy Nederland BV	Gas and/or exploration and production	oil Transpolis Building, Polarisavenue 39, 2132 JH Hoofddorp, Netherlands Netherlands	Ordinary Shares	69%	69%
Spirit Energy Norge AS	Gas and/or exploration and production	oil Veritasvien 25, 4007 Stavanger, Norway Norway	Ordinary shares	69%	69%
Spirit North Sea Limited	Gas and/or exploration and production	oil First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
Spirit North Sea Oil Limited	Gas and/or exploration and production	oil IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom United Kingdom	Ordinary shares	69%	69%
Spirit Energy Petroleum Danmark AS (iv)	Gas and/or exploration and production	oil Lilleakerveien 8, 0283 Oslo, Norway Norway	Ordinary shares	69%	69%
Spirit Energy Production UK Limited	Gas and/or exploration and production	oil First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
Spirit Energy Resources Limited	Gas and/or exploration and production	oil First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
Spirit Energy Southern North Sea Limited	Gas and/or exploration and production	oil First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%
Spirit Energy Treasury Limited	Finance company	First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom United Kingdom	Ordinary shares	69%	69%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Spirit Energy WOS Limited	Gas and/or oil exploration and production	First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom	Ordinary shares	69%	69%
Spirit Limited	Holding company	First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom	Ordinary shares	69%	69%
Spirit Infrastructure BV	Construction, ownership exploitation infrastructure	Transpolis Building, Polarisavenue 39, 2132 JH Hoofddorp, Netherlands	Ordinary shares	69%	69%
Spirit North Sea Gas Limited	Gas and/or oil exploration and production	IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom	Ordinary shares	69%	69%
Spirit Norway Limited	Gas and/or oil exploration and production	First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom	Ordinary shares	69%	69%
Spirit Production (Services) Limited	Business services	IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom	Ordinary shares	69%	69%
Spirit Resources (Armada) Limited	Gas and/or oil exploration and production	First floor, 20 Kingston Road, Staines-upon-Thames, TW18 4LG, United Kingdom	Ordinary shares	69%	69%
Barrow Shipping Limited	Energy supply and/or services	c/o Wilkin Chapman LLP, The Maltings, 11-15 Brayford Wharf East, Lincoln, LN5 7AY, United Kingdom	Ordinary shares	50%	50%
Celtic Limited	Array Development of an offshore windfarm	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	50%	50%

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2019	2018
Eurowind Polska VI Sp z.o.o.	Operation of an onshore windfarm	Ul. Wysogotowska 23, 62-081 Przemierowo, Wielkopolskie, Poland	Ordinary shares	50%	50%
Greener Ideas Limited (vi)	Development of flexible power generation sites	1 Warrington Place, Dublin 2, Republic of Ireland	Ordinary shares	50%	50%
Rhiannon Wind Farm Limited	Dormant	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom	Ordinary shares	50%	50%
Vindpark Keblowo ApS	Operation of an onshore windfarm	Mariagervej 58B, DK 9500 Hobro, Denmark	Ordinary shares	50%	50%
Better Home Care Services Limited (iii)	Other information technology service activities	24 Park Road South, Havant, Hampshire, PO19 1HB, United Kingdom	Ordinary shares	43.7%	0%
Lake Acquisitions Limited	Holding company	90 Whitfield Street, London, W1T 4EZ, United Kingdom	Ordinary shares	20%	20%
Veolia CHP Ireland Limited	Energy supply and power generation	Innovation House, DCU Innovation Campus, 11 Old Finglas Road, Glasnevin, Dublin 11, Republic of Ireland	Ordinary shares	20%	20%
Zoe AI Limited (iii)	Other information technology service activities	24 Park Road South, Havant, Hampshire, PO19 1HB, United Kingdom	Ordinary shares	25%	0%

* indicates direct investment of the Company

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

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

- 1773648 Alberta Ltd. to 5016892 Ontario Ltd.
- REstore NV to Centrica Business Solutions Belgium NV
- REstore Deutschland GmbH to Centrica Business Solutions Deutschland GmbH
- REstore France SAS to Centrica Business Solutions France SASU
- CES Energy Limited to Centrica Business Solutions Ireland Limited
- Centrica Renewable Energy Limited to Centrica Business Solutions Management Limited
- ENER-G Tehnologii Energetice Srl to Centrica Business Solutions Romania Srl
- REstore Flexpond UK Limited to Centrica Business Solutions UK Optimisation Limited
- Neas Energy A/S to Centrica Energy Trading A/S
- Neas Energy GmbH to Centrica Energy Trading GmbH
- Neas Energy Singapore Pte. Ltd to Centrica Energy Trading Pte. Ltd

(ii) On 1 January 2020 5016892 Ontario Ltd and Brae Canada Ltd were merged into Direct Energy Marketing Limited.

(iii) Acquired or established in 2019.

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

(v) 5016892 Ontario Ltd., Brae Canada Ltd., Centrica Business Solutions Canada Inc., DER Development No.10 Ltd., Direct Energy Holdings (Alberta) Inc., Direct Energy HVAC Services Ltd., Direct energy Partnership and Direct Energy Resources Partnership changed their registered address during the year from 2323 32nd Avenue N.E., Suite 260, Calgary, AB T2E 6Z3, Canada to the address listed above.

(vi) Greener Ideas Limited changed its registered address during the year from Webworks, Eglinton Street, Cork, Republic of Ireland to the address listed above.

(vii) Centrica Business Solutions Deutschland GmbH changed its registered address during the year from Graf-Adolf-Platz 12, 40213 Dusseldorf, Germany to the address listed above.

(viii) Centrica Business Solutions México S.A. de C.V. changed its registered address during the year from Av. Presidente Masaryk No 61 Int 503 Col Chapultepec Morales, Miguel Hidalgo Ciudad de Mexico, Mexico 11570 to the address listed above.

(ix) Centrica Business Solutions Romania Srl changed its registered address during the year from 15-23 Bucuresti Nord Street, Windsor Building, Ground floor, Office No. 1 Voluntari, Ilfov County, Romania to the address listed above.

(x) Centrica Energy Trading GmbH changed its registered address during the year from Schillerstr.7, 40721 Hilden (bei Dusseldorf), Germany to the address listed above.

(xi) Centrica Production Limited, Centrica Upstream Investment Limited, Finance Scotland 2016 Limited Partnership, Finance Scotland CEPS Limited Partnership and Finance Scotland CPP Limited Partnership changed their registered address during the year from IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ United Kingdom to the address listed above.

(xii) Centrica Nederland BV changed its registered address during the year from Transpolis Building, Polarisavenue 39, 2132 JH Hoofddorp, Netherlands to the address listed above.

(xiii) Direct Energy (B.C.) Limited changed its registered address during the year from 1185 West Georgia Street, Suite 1700, Vancouver BC, V6E 4E6, Canada to the address listed above.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

(xiv) NSGP (Ensign) Limited changed its registered address during the year from 13 Castle Street, St Helier, JE4 5UT, Jersey to the address listed above.

(xv) On 20 November 2019 Bayerngas Produksjon Norge AS was merged into Bayerngas Norge AS.

(xvi) On 12 February 2020 Centrica KL Limited was sold.

(xvii) On 30 June 2020 Centrica Hive SAS was dissolved.

14 Trade and other receivables

	2019		2018	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Amounts owed by Group undertakings	124,192	1,559,867	274,707	1,562,315
Prepayments	3,402	-	10,160	-
Other receivables	41,641	2,583	32,638	-
	<u>169,235</u>	<u>1,562,450</u>	<u>317,505</u>	<u>1,562,315</u>

Amounts owed by Group undertakings totalling £142,564,000 (2018: £269,287,000) are not interest bearing, are unsecured and repayable on demand.

Interest balances of £5,747,000 (2018: £2,774,000) are interest free.

Current amounts owed by Group undertakings under an intercompany finance lease arrangement total £371,000 (2018: £703,000) are unsecured and accrue interest between 5.5% and 6.4% (2018: 5.5% and 6.4%).

Amounts owed by Ignite Social Enterprise of £nil (2018: £1,943,000) accrue interest at 3.25% above Barclays base rate, are unsecured and repayable on demand and are net of impairment charges of £8,058,000 (2018: £6,343,000).

Current amounts owed by Group undertakings include credit loss provisions of £24,490,000.

Non-current amounts owed by Group undertakings under an intercompany finance lease arrangement total £3,287,000 (2018: £7,315,000) are unsecured, repayable over 20 years from 2007 and accrue interest between 5.5% and 6.4% (2018: 5.5% and 6.4%).

Non-current amounts owed by ENER-G UK Power2 Limited of £36,580,000 (2018: £35,000,000) bears interest at a rate set by Group Treasury and based on the Group cost of funds, payable annually in arrears and are unsecured and repayable on 31 December 2021. The interest rates range between 4.2% and 4.9% (2018: 3.72% and 4.13%).

Non-current amounts owed by Centrica Holdings Limited of £1,520,000,000 (2018: £1,520,000,000) bear interest at a fixed amount of 5% payable monthly in arrears and are unsecured and repayable on 8 January 2030.

Other receivables include amounts receivable of £2,668,000 (current) and £2,583,000 (non-current) in respect of property leases which have been sub-let.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

15 Loans and borrowings

	31 December 2019 £ 000	31 December 2018 £ 000
Non-current bank overdrafts, loans and borrowings		
Lease liabilities	<u>(139,932)</u>	<u>-</u>
Current bank overdrafts, loans and borrowings		
Lease liabilities	<u>(34,383)</u>	<u>-</u>

Lease liabilities

As described in note 2, from 1 January 2019 under IFRS 16 the Company has accounted for property leases as finance leases.

16 Trade and other payables

	2019		2018	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Accrued expenses	(6,942)	-	(9,305)	-
Amounts owed to Group undertakings	(6,881,682)	(1,901,864)	(6,940,406)	(2,002,304)
Other payables	<u>(57,588)</u>	<u>-</u>	<u>(75,543)</u>	<u>-</u>
	<u>(6,946,212)</u>	<u>(1,901,864)</u>	<u>(7,025,254)</u>	<u>(2,002,304)</u>

Amounts owed to Group undertakings of £592,956,000 (2018: £564,862,000) 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 4.2% and 4.9% (2018: 3.72% and 4.13%).

Amounts owed to Group undertakings of £6,035,458,000 (2018: £6,140,282,000) 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 4.2% and 4.9% (2018: 3.72% and 4.13%).

Amounts owed to Group undertakings include £77,895,000 (2018: £101,976,000) 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 (£85,861,000) (2018: CAD 147,670,000 (£84,820,000)) which is interest free, unsecured, with no fixed date of repayment and is repayable on demand.

Interest balances of £78,000 (2018: £2,076,000) are interest free.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Trade and other payables (continued)

Current Contingent consideration balances owed to a Group company amounting to £89,434,000 (2018: £46,390,000) are repayable quarterly through to March 2023 and are subject to annual revision in instalments and total amounts payable. Contingent consideration balances which are non-current amount to £66,794,000 (2018: £167,234,000).

Non current amounts owed to Group undertakings of £1,834,570,000 (2018: £1,834,570,000) 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 (2018 £500,000) are interest free and unsecured with no fixed repayment date.

17 Provisions for other liabilities and charges

	Restructuring £ 000	Other provisions £ 000	Total £ 000
At 1 January 2019	(6,441)	(27,459)	(33,900)
Charged to the Income Statement	-	(1,071)	(1,071)
Unused provision reversed to the Income Statement	(439)	(232)	(671)
Provisions used	175	393	568
At 31 December 2019	<u>(6,705)</u>	<u>(28,369)</u>	<u>(35,074)</u>
Non-current liabilities	<u>(3,998)</u>	<u>(21,436)</u>	<u>(25,434)</u>
Current liabilities	<u>(2,707)</u>	<u>(6,933)</u>	<u>(9,640)</u>

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Materially all provisions are financial liabilities.

Restructuring

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.

Other provisions

Other provisions arise on recognising end of lease dilapidations.

18 Capital and reserves

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,473,000</u>	<u>1,473,000</u>	<u>1,473,000</u>	<u>1,473,000</u>

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

18 Capital and reserves (continued)

Share premium

Consideration transferred in excess of the nominal value of ordinary shares is allocated to share premium

Retained earnings

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

19 Dividends

	31 December 2019 £ 000	31 December 2018 £ 000
Final dividend of £Nil (2018 - £Nil) per ordinary share	-	-
Interim dividend of £507.13 (2018 - £531.57) per ordinary share	747,000	783,000
	<u>747,000</u>	<u>783,000</u>

On 11 December 2019 the Company paid an interim dividend of £747,000,000 (2018: £783,000,000) to its immediate parent undertaking, Centrica Holdings Limited. The Directors do not recommend the payment of a final dividend (2018: £nil).

20 Commitments and contingencies

Other lease arrangements

The Company enters into lease arrangements for Group property assets.

The carrying amount, additions and depreciation charge associated with right-of-use assets is disclosed in note 12 and the interest expense arising on the Company's lease liability is disclosed in note 9. The table below provides further information on amounts not included in the lease liability and charged to the Company Income Statement during the year.

At 31 December 2019 the Company had provided guarantees up to a maximum of £436,717,000 (2018: £429,179,000) to various counter-parties primarily in relation to the wholesale energy procurement activities of its subsidiaries. At the year end the exposure was £131,715,000 (2018 £113,822,000).

At 31 December 2019 the Company had provided guarantees to its direct subsidiary, British Gas Trading Limited, in respect of any obligations, commitments, undertakings, warranties or indemnities arising under energy purchase agreements within British Gas Energy Procurement Limited and Centrica Energy Management Limited. The total potential exposure at year end in respect of these guarantees was £1,000,000,000 (2018: £1,000,000,000), however the actual exposure at year end was £135,000,000 (2018: £415,000,000).

21 Related party transactions

During the year the Company charged for various Group services and received income of £21,828,000 (2018: £19,313,000) from the Spirit Energy group of companies of which the Company owns 69%.

GB Gas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Parent and ultimate parent undertaking

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

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

Relationship between entity and parents

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

The address of Centrica plc is:

Millstream
Maidenhead Road
Windsor
SL4 5GD
United Kingdom

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

23 Non adjusting events after the financial period

Subsequent to the balance sheet date, on 11 March 2020 the World Health Organisation declared the SARS-CoV-2 outbreak and resultant COVID-19 to be a global pandemic. The UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The Company has therefore concluded that the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore the consequences of such interventions represent non-adjusting post balance sheet events. The Company has no critical judgements or key sources of estimation uncertainty at the balance sheet date which could have been subsequently affected by these events.

On 20 December 2019 the Company signed an agreement to sell its holding in the entire share capital of Centrica KL Limited to RWE Generation UK plc. Completion of the transaction took place in 2020.

On 24 July 2020, the Group announced it had agreed to dispose of its North American supply, services and trading business, Direct Energy, to NRG for headline consideration of £2.85 billion (\$3.6 billion). The Company has an indirect investment in the Canadian business via its subsidiary undertaking, Centrica Overseas Holdings Limited. The impact on the Company will not be clear until the sale has been completed.

On 6 July 2020 the Company contracted to sell its Lakeside House property in Staines for £10,810,000. At the date of signing these accounts completion of the sale had not taken place.