

Registered number 4187128

British Gas Direct Employment Limited

Annual Report and Financial Statements
For the Year Ended 31 December 2009

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BRITISH GAS DIRECT EMPLOYMENT LIMITED

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British Gas Direct Employment Limited

Directors' Report for the year ended 31 December 2009

The Directors present their report and the audited financial statements of British Gas Direct Employment Limited (the "Company") for the year ended 31 December 2009

Principal activities

The principal activity of the Company was the provision of direct sales force services for British Gas Trading Limited

Business review

The Company continued to provide direct sales force services to British Gas Trading Limited throughout 2009. In respect of 2010 and beyond, there is no intention to change the provision of these services. The financial position of the Company is presented in the balance sheet on page 6. Shareholder's funds at 31 December 2009 were £12,090,000 (2008: £11,010,000).

Financial results

The results of the Company are set out on page 5.

During the year the Company made an operating profit on ordinary activities of £1,080,000 (2008: £1,170,000) and a retained profit for the year of £1,080,000 (2008: £1,170,000).

Post balance sheet event

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A Special Resolution was passed by the Company's sole member on 20 January 2010 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

Dividends

No dividends were paid for the year ended 31 December 2009 (2008: £nil).

Principal risks and uncertainties and financial risk management

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Centrica plc group ("the Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed on pages 29-34 of the 2009 Annual Report and Accounts of the Group which does not form part of this report.

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.

Key Performance Indicators (KPI's)

The Directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are discussed on pages 8-9 of the 2009 Annual Report and Accounts of the Group which does not form part of this report.

Directors

The following served as Directors during the year and up to the date of the signing of these financial statements:

A C J Cameron
C T P Jansen

British Gas Direct Employment Limited

Directors' Report for the year ended 31 December 2009 (continued)

Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica Group companies, except for any related party disclosures disclosed in the Centrica plc Annual Report and Accounts 2009, there have been no other disclosable related party transactions during the year (2008 £nil)

Creditor payment policy

The Company aims to pay all of its creditors within the agreed contract terms

Employment policies

During 2009, the Company employed an average of 669 people, all employed in the United Kingdom (2008 769) The disclosures surrounding the 'Employee Costs' and the 'Average number of employees during the year' (see note 4) relate to Centrica Group employees that work in the Company business Not all of these employees have service contracts with the Company, because in some cases the contracts of service are with other Centrica Group companies The Directors believe that the disclosures given are the fairest representation of the staff costs for the business

Employees are regularly updated on performance against the Company's strategy There are regular employee surveys, action planning forums and dialogue with representatives of local employee consultative bodies and recognised trade unions to ensure a comprehensive understanding of employees' views The Centrica Group, to which the Company belongs, encourages employee share ownership by operating tax authority-approved share schemes open to all eligible employees, including Executive Directors

The Company is committed to pursuing equality and diversity in all its employment activities and continues to support initiatives to provide employment for people from minority groups in the community, including people with a disability, carers and lone parents To the extent possible, people with a disability are offered the same employment training, career development and promotion opportunities as other employees

The Company's business principles and policies set out standards of behaviour expected of its employees in conducting business in an ethical way

Charitable and political donations

Charitable donations during the year amounted to £nil (2008 £nil) There were no political donations made during the year (2008 £nil)

Directors' and officers' liability

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

British Gas Direct Employment Limited

Directors' Report for the year ended 31 December 2009 (continued)

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

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

This report was approved by the Board on 31 August 2010



Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, number: 4187128

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

British Gas Direct Employment Limited

Independent Auditors' Report to the Members of British Gas Direct Employment Limited

We have audited the financial statements of British Gas Direct Employment Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Simon Evans (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cornwall Court, 19 Cornwall Street
Birmingham, B3 2DT

31 August 2010

British Gas Direct Employment Limited

Profit and Loss Account for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	2	22,691	24,566
Operating costs	3	(21,611)	(23,396)
Profit on activities before taxation		1,080	1,170
Taxation on profit on ordinary activities	5	-	-
Profit for the financial year	9	1,080	1,170

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

There have been no recognised gains or losses during the year other than those shown in the profit and loss account

All the activities relate to continuing operations

The notes on pages 7 to 10 form part of these financial statements

British Gas Direct Employment Limited

Balance Sheet at 31 December 2009

	Notes	2009 £'000	2008 £ 000
Current assets			
Debtors (amounts falling due within one year)	6	13,407	12,624
Creditors (amounts falling due within one year)	7	(1,317)	(1,614)
Net current assets		<u>12,090</u>	<u>11,010</u>
Total assets less current liabilities		<u>12,090</u>	<u>11,010</u>
Net assets		<u>12,090</u>	<u>11,010</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	12,090	11,010
Total shareholder's funds	10	<u>12,090</u>	<u>11,010</u>

The financial statements on pages 5 to 10 were approved and authorised for issue by the Board of Directors on 31 August 2010 and were signed on its behalf by



C T P Jansen
Director

Registered number 4187128

The notes on pages 7 to 10 form part of these Financial Statements

British Gas Direct Employment Limited

Notes to the Financial Statements

1 Principal accounting policies

Accounting principles

The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with United Kingdom Accounting Standards and the Companies Act 2006

The following accounting policies have been applied consistently in relation to the Company's financial statements

Basis of preparation

The Company is a wholly-owned subsidiary undertaking of GB Gas Holdings Limited, which is a wholly-owned subsidiary undertaking of Centrica plc. The Company has taken advantage of the exemptions within FRS 1, Cash Flow Statements, from presenting a cash flow statement, and within FRS 8, Related Party Disclosures, from disclosing transactions with other group companies that are wholly owned

Turnover

Turnover comprises income received from other Group companies for the supply of direct sales force staff. All turnover arose in the United Kingdom

Pensions

Employees of the Company are eligible to join the Centrica "Flexible Choice" Pension Scheme, a defined contribution scheme. Defined contribution scheme pension costs are charged to the profit and loss account and represent the amount of contributions payable to the scheme in respect of the accounting period.

Taxation

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

British Gas Direct Employment Limited**Notes to the Financial Statements (continued)****2 Turnover**

	2009	2008
	£'000	£'000
Recharges to group undertakings	22,691	24,566

3 Operating costs

The Company's operating costs, which have been charged to the profit and loss account, comprise

	2009	2008
	£'000	£'000
Employee costs (note 4b)	21,450	22,589
Administrative expenses	161	807
	21,611	23,396

Auditors' remuneration of £4,382 (2008 £4,382) relates to fees for the audit of the UK GAAP statutory accounts of the Company and includes fees in relation to the audit of the IFRS group consolidation schedules, for the purpose of the Centrica Group audit, which also contribute to the audit of the Company. The auditors' remuneration is borne by Centrica plc.

4. Directors and employees**a) Directors' emoluments**

None of the Directors received emoluments in respect of their services to the Company during the year (2008 £nil)

b) Employee costs

	2009	2008
	£'000	£'000
Wages and salaries	19,380	20,517
Social security costs	1,932	1,901
Other pension and retirement benefits costs	138	171
	21,450	22,589

c) Average number of employees during the year

	2009	2008
	Number	Number
Sales Staff	669	769

d) Pensions

As at 31 December 2009 substantially all of the Company's employees were eligible to join the Centrica Flexible Choice Pension Scheme. This scheme is a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounts to £138,325 (2008 £171,311). The amount outstanding at the balance sheet date was £(330) (2008 £(330)). The Centrica Flexible Choice scheme commenced in July 1999 and replaced a previous defined contribution scheme.

British Gas Direct Employment Limited

Notes to the Financial Statements (continued)

5 Taxation on profit on ordinary activities

	2009	2008
	£'000	£'000
(a) Analysis of tax charge in the period		
The tax charge comprises		
Current tax		
United Kingdom corporation tax at 28%	-	-
Total current tax	-	-

(b) Factors affecting the tax charge for the period

The tax assessed for the year differs from that calculated at the standard rate of corporation tax in the UK (28%) The differences are explained below

	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	1,080	1,170
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 28.5%)	302	333
Effects of		
Group relief for nil consideration	(354)	(537)
UK UK transfer pricing adjustment	52	204
Tax charge for the period	(0)	0

The Standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008 Accordingly the company's profits for 2008 were taxed at an effective rate of 28.5% and the profits for 2009 are taxed at 28%

There is no liability for deferred tax (either recognised or unrecognised) in either the current or prior year

6 Debtors (amounts falling due within one year)

	2009	2008
	£'000	£'000
Amounts owed by group undertakings	13,391	12,619
Prepayments and accrued income	16	5
	13,407	12,624

The amounts owed by group undertakings are unsecured, non-interest bearing and payable on demand £10,421k (2008 £11,449k) is due from Centrica plc and £2,970k (2008 £1,170k) is due from British Gas Trading Limited

British Gas Direct Employment Limited

Notes to the Financial Statements (continued)

7 Creditors (amounts falling due within one year)

	2009 £'000	2008 £'000
Tax and social security	563	476
Other creditors	33	25
Accruals	721	1,113
	<u>1,317</u>	<u>1,614</u>

8 Called up share capital

	2009 £'000	2008 £'000
Authorised		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	£	£
Issued, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

9 Reserves

	£'000
1 January 2009	11,010
Profit for the financial year	<u>1,080</u>
31 December 2009	<u>12,090</u>

10 Movements in shareholder funds

	2009 £'000	2008 £'000
1 January	11,010	9,840
Profit for the financial year	<u>1,080</u>	<u>1,170</u>
31 December	<u>12,090</u>	<u>11,010</u>

11 Post balance sheet event

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A Special Resolution was passed by the Company's sole member on 20 January 2010 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

12. Ultimate parent undertaking

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

The ultimate parent undertaking and controlling party is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated statements. Copies of the 2009 Annual report and Accounts of Centrica may be obtained from www.centrica.com.