

**Registered Number: 06366483**

**Centrica LNG Company Limited**

**Annual Report and Financial Statements  
For the Year Ended 31 December 2012**

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# **Centrica LNG Company Limited**

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# **Centrica LNG Company Limited**

## **Directors' Report for the Year Ended 31 December 2012**

The Directors present their report and the audited financial statements of Centrica LNG Company Limited ('the Company') for the year ended 31 December 2012

### **Principal activities**

The principal activity of the Company is the importation of liquefied natural gas ('LNG') into the UK and trading of LNG and gas

### **Business review**

Both the level of business during the year and the financial position of the Company at the year-end were in line with expectations

In addition to operating profit, the Company monitors the number of cargoes it secures and the associated volumes of gas sold through the market. In 2012 these indicators were in line with management expectations (2011 same)

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Centrica plc group and are not managed separately. Accordingly, the principal risks and uncertainties of Centrica plc group, which include those of the Company are discussed on pages 44-52 of the Annual Report and Financial Statements 2012 of Centrica plc group which does not form part of this report

### **Future developments**

The Directors continue to evaluate options for expansion of the Company's interests into other parts of the LNG supply chain

### **Financial risk management**

The Directors have established objectives for profitable development of the Company and policies for managing financial risks. These objectives and policies are reviewed annually

### **Results and dividends**

The results of the Company are set out on page 6

The loss for the financial year ended 31 December 2012 is £22,407,000 (2011 £24,998,000)

No dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2011 £nil)

### **Financial position**

The financial position of the Company is presented in the balance sheet on page 7. Total shareholders' deficit at 31 December 2012 was £69,278,000 (2011 £46,871,000)

# Centrica LNG Company Limited

## Directors' Report for the Year Ended 31 December 2012 (continued)

### Directors

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

Andrew Le Poidevin

Vincent Mark Hanafin

Ian Wood

### 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.

### Creditor payment policy

It is the Company's policy to pay all of its creditors in accordance with the policies set out below

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

The number of days' purchases outstanding as at 31 December 2012 was 4 days (31 December 2011: 3 days)

### Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

# Centrica LNG Company Limited

## Directors' Report for the Year Ended 31 December 2012 (continued)

### Disclosure of information to auditors

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

### Independent 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 30 April 2013



For and on behalf of Centrica Secretaries Limited  
Company Secretary

30 April 2013

Company registered in England and Wales 06366483

Registered office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

# Centrica LNG Company Limited

## Independent Auditors' Report to the Members of Centrica LNG Company Limited

We have audited the financial statements of Centrica LNG Company Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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.



Paul Ward (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 April 2013

# Centrica LNG Company Limited

## Profit and Loss Account for the Year Ended 31 December 2012

		Year ended 31 Dec 2012	Year ended 31 Dec 2011
	Note	£'000	£'000
Turnover	2	480,778	540,198
Cost of sales		(494,574)	(557,995)
<b>Gross (loss)</b>		<b>(13,796)</b>	<b>(17,797)</b>
Operating costs		(4,528)	(5,445)
<b>Operating loss</b>	3	<b>(18,324)</b>	<b>(23,242)</b>
Interest receivable and similar income	6	43	-
Interest payable and similar charges	7	(4,126)	(1,756)
<b>Loss on ordinary activities before taxation</b>		<b>(22,407)</b>	<b>(24,998)</b>
Tax on loss on ordinary activities	8	-	-
<b>Loss for the financial year</b>	14	<b>(22,407)</b>	<b>(24,998)</b>

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

There is no difference between the loss on ordinary activities before taxation and the loss for either year stated and their historic cost equivalents

All activities relate to continuing operations

The notes on pages 8 to 14 form part of these financial statements

# Centrica LNG Company Limited

## Balance Sheet as at 31 December 2012

		31 Dec 2012	31 Dec 2011
	Note	£'000	£'000
<b>Intangible assets</b>	9	3,641	3,972
<b>Current assets</b>			
Stocks		33,776	3,904
Debtors	10	39,471	42,121
Cash at bank and in hand		-	93
		<u>73,247</u>	<u>46,118</u>
<b>Creditors - amounts falling due within one year</b>	11	(146,166)	(96,961)
<b>Net current liabilities</b>		<u>(72,919)</u>	<u>(50,843)</u>
<b>Net liabilities</b>		<u>(69,278)</u>	<u>(46,871)</u>
<b>Capital and reserves</b>			
Called-up share capital	12	-	-
Profit and loss account	13	( 69,278)	(46,871)
<b>Total shareholders' deficit</b>	14	<u>( 69,278)</u>	<u>(46,871)</u>

The notes on pages 8 to 14 form part of these financial statements

The financial statements on pages 6 to 14 were approved and authorised for issue by the Board of Directors on 30 April 2013 and were signed on its behalf by



Andrew Le Poidevin  
Director

Company No 06366483



# Centrica LNG Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

### 1 Principal accounting policies

#### Accounting principles

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the applicable United Kingdom Accounting Standards and the Companies Act 2006. The principal accounting policies have been applied consistently except as noted and are set out below.

#### Basis of preparation

The Directors believe that the going concern basis is applicable for the preparation of the financial statements as the ultimate parent company, Centrica plc, has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due. In particular the amounts owed to Group undertakings will not be required to be repaid for the foreseeable future.

#### Turnover

Turnover is recognised when title over the LNG or gas passes to the customer. Turnover related to the sale of gas and LNG is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Payments received from and paid to LNG counterparties in lieu of cargo delivery are also recognised within turnover. Gas sales and purchases to optimise the performance of the LNG terminal are presented net within turnover. LNG in store trades will be treated in one of two ways, for short-term trades, where there is a connected sale and purchase, the transaction is presented net within turnover, consistent with optimisation activity, for trades where there is no connected sale and purchase, sales will be recognised as turnover and purchases as stock transactions.

#### Cost of sales

Cost of sales includes the cost of LNG sold during the year and related transportation, material, capacity, service costs and foreign exchange differences relating to the purchase of cargoes.

#### Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is charged on all intangible assets and is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows for these asset classes:

- Rights to use the nitrogen plant 15 years

#### Stocks

Stocks of LNG are finished goods and valued on a weighted average basis, at the lower of cost and estimated net realisable value. Net realisable value is determined by reference to existing contracted forward sales prices and forward prices on the dates that the stock is expected to be sold.

# Centrica LNG Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012 (continued)

### 1 Principal accounting policies (continued)

#### Foreign currency

The financial statements of the Company are presented in pounds sterling, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at either the exchange rate ruling at the date of the transaction or the rate that they have been hedged at using forward contracts. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. All differences are included in the Profit and Loss Account for the year.

#### Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

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

#### Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of GB Gas Holdings Limited and is included in the consolidated financial statements of Centrica plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 'Cash flow statements'. The Company is also exempt under the terms of Financial Reporting Standard No 8 'Related party disclosures', from disclosure of transactions with other companies that are part of the Centrica plc group.

# Centrica LNG Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012 (continued)

### 2 Segmental reporting

All turnover relates to the principal activity of the business and occurs wholly in the United Kingdom

### 3 Operating loss

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£'000	£'000
<b>Operating loss is stated after charging:</b>		
Amortisation	(331)	(331)
<b>Auditors' remuneration:</b>		
Statutory audit	<u>(11)</u>	<u>(11)</u>

Auditors' remuneration totalling £11,000 (2011 £11,000) relates to fees for the audit of the UK GAAP statutory financial statements of Centrica LNG Company Limited and includes fees in relation to the audit of the IFRS group consolidation schedules, for the purpose of the Centrica Group audit, which also contribute to the audit of Centrica LNG Company Limited

### 4 Directors' emoluments

The aggregate emoluments paid to directors in respect of their qualifying services were £105,272 (2011 £145,677 restated) The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services were £18,357 (2011 £15,733 restated) There were 2 directors (2011 2) to whom retirement benefits are accruing under a defined benefit pension schemes, 3 directors (2011 3 restated) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme and 2 directors (2011 nil) who exercised share options relating to the ultimate parent company

Vincent Mark Hanafin is a director of Centrica Plc, the ultimate parent company His emoluments and pension contributions in respect of his services to Centrica LNG Company Limited are £nil Details of his overall remuneration are included in the Centrica Plc Annual Report and Financial Statements

### 5 Employee information

The Company has no employees and no staff costs (2011 nil)

### 6 Interest receivable and similar income

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£000	£000
Interest receivable from Group undertakings	<u>43</u>	<u>-</u>
	<u>43</u>	<u>-</u>

# Centrica LNG Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012 (continued)

### 7 Interest payable and similar charges

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£'000	£'000
Bank interest and other charges	2	16
Interest payable to group undertakings	<u>4,124</u>	<u>1,740</u>
	<u><b>4,126</b></u>	<u><b>1,756</b></u>

### 8 Tax on loss on ordinary activities

#### (a) Analysis of tax charge for the year

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£'000	£'000
The tax charge comprises		
Current tax		
- UK corporation tax at 24.5% (31 December 2011: 26.5%)	-	-
Deferred tax		
- Origination and reversal of timing differences	-	-
<b>Total tax on loss on ordinary activities</b>	<u><b>-</b></u>	<u><b>-</b></u>

#### (b) Factors affecting the tax charge for the year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
	£'000	£'000
<b>Loss on ordinary activities before tax</b>	<b>(22,407)</b>	<b>(24,998)</b>
Tax on loss on ordinary activities at standard UK corporation tax rate of 24.5% (31 December 2011: 26.5%)	<b>(5,490)</b>	<b>(6,624)</b>
Effects of		
Group relief for nil consideration	<u>5,490</u>	<u>6,624</u>
<b>Current tax charge for the year</b>	<u><b>-</b></u>	<u><b>-</b></u>

# Centrica LNG Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012 (continued)

### 8 Tax on loss on ordinary activities (continued)

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

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013, enacted under Finance Act 2012. Further reductions to the main rate were proposed in the Autumn Statement 2012 and the Budget Statement 2013 to respectively reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015. Beyond a reduction to 23% from 1 April 2013, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of these proposed changes on the financial statements would be nil since the Company has no deferred tax balances.

### 9 Intangible assets

	Usage rights £'000	Total £'000
<b>Cost</b>		
At 1 January and 31 December 2012	<u>4,965</u>	<u>4,965</u>
<b>Accumulated amortisation</b>		
At 1 January 2012	( 993)	( 993)
Charge for the year	<u>( 331)</u>	<u>( 331)</u>
At 31 December 2012	<u>( 1,324)</u>	<u>( 1,324)</u>
<b>Net book amount</b>		
At 31 December 2012	<u>3,641</u>	<u>3,641</u>
At 31 December 2011	<u>3,972</u>	<u>3,972</u>

### 10 Debtors

	31 Dec 2012 £'000	31 Dec 2011 £'000
Trade debtors	405	48
Amounts owed by Group undertakings	34,092	40,744
VAT recoverable	-	1,081
Prepayments and accrued income	<u>4,974</u>	<u>248</u>
	<u>39,471</u>	<u>42,121</u>

The amounts owed by Group undertakings are unsecured, interest-free and repayable on demand

# Centrica LNG Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012 (continued)

### 11 Creditors – amounts falling due within one year

	31 Dec 2012	31 Dec 2011
	£'000	£'000
Bank overdraft	36,159	-
Trade creditors	5,717	5,170
Amounts owed to Group undertakings	103,795	91,791
VAT payable	495	-
	<u>146,166</u>	<u>96,961</u>

The amount payable to Group undertakings includes £111,934,000 (2011 £81,134,000) treasury loan, the remaining receivable has been netted against this balance. The treasury loan, as well as a portion of the remaining balance with Group undertakings, bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.28% and 3.51% per annum during 2012 (2011 1.71% and 2.71%). The remaining amounts with Group undertakings are interest-free. All amounts payable to Group undertakings are unsecured and repayable on demand.

The Company's bank overdraft at the year end is £36,159,000 (2011 £nil), the amount is unsecured and repayable on demand.

### 12 Called-up share capital

	31 Dec 2012	31 Dec 2011
	£	£
<b>Allotted and fully paid:</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 13 Reserves

	Profit & Loss Account	Total
	£'000	£'000
As at 1 January 2012	(46,871)	(46,871)
Loss for the financial year	(22,407)	(22,407)
<b>As at 31 December 2012</b>	<u>(69,278)</u>	<u>(69,278)</u>

### 14 Reconciliation of movements in shareholders' deficit

	31 Dec 2012	31 Dec 2011
	£'000	£'000
Opening shareholders' deficit	(46,871)	(21,873)
Loss for the financial year	(22,407)	(24,998)
<b>Closing equity shareholders' deficit</b>	<u>(69,278)</u>	<u>(46,871)</u>

# Centrica LNG Company Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012 (continued)

### 15 Derivative financial instruments

Derivative financial instruments are recorded at £nil in these financial statements as the Company has not implemented FRS 26 (Financial Instruments Recognition and Measurement). The fair value of the Company's financial instruments are

	31 Dec 2012	31 Dec 2011
	£'000	£'000
<b>Derivative financial instruments</b>		
Energy derivatives - financial assets	<u>2,110</u>	<u>7,799</u>
	<u><b>2,110</b></u>	<u><b>7,799</b></u>

### 16 Capital commitments

The Company had no capital commitments at the end of the year (31 December 2011: £nil)

### 17 Operating lease commitments

The Company had no operating lease commitments at the end of the year (31 December 2011: £nil)

### 18 Going concern

The Directors have considered the application of the going concern basis of accounting and believe that for the foreseeable future the Company will have adequate resources to meet its liabilities as they fall due. In making this assessment the Directors of the Company have considered the intentions of the directors of Centrica plc, the ultimate parent undertaking, to provide financial support to the Company in the conduct of its ordinary business operations for a period of at least 12 months from the date of approval of these financial statements.

### 19 Ultimate parent undertaking

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

The ultimate parent undertaking and ultimate controlling party is Centrica plc, a company registered in England and Wales. Centrica plc is the largest and smallest group to consolidate the financial statements of Centrica LNG Company Limited.

Copies of the Annual Report and Financial Statements of Centrica plc may be obtained from [www.centrica.com](http://www.centrica.com)