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Company Registration No. 109148C  
Branch Registration No. BR7301

FC 24841

**CENTRICA DELTA LIMITED**

**Annual Report and Accounts**

**For the period ended**

**31 December 2004**



**ANNUAL REPORT AND ACCOUNTS 2004**

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## DIRECTORS' REPORT

The directors present their report and the audited financial statements of Centrica Delta Limited (the "Company") for the period ended 31 December 2004.

### Principal activities

The Company was incorporated on 2 September 2003. The principal activity of the Company is to act as an investment holding company.

The directors intend that the Company will continue to act as an investment holding company for the foreseeable future.

### Financial results and business review

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

### Dividends

The directors do not recommend the payment of a dividend for the period ended 31 December 2004.

### Directors' interests

The following served as directors throughout the period:

P K Bentley  
J A K Clark  
I G Dawson  
P J V Dougherty  
C Redcliffe

At no time during the period ended 31 December 2004 did any director have any interest in the shares of the Company or any other company in the Centrica plc group, except for the interests in, and the options over, the shares and interests of the ultimate parent company, Centrica plc. On 25 October 2004, the ordinary share capital of Centrica plc was consolidated on the basis of 9 new ordinary shares of 6<sup>14/81</sup> pence per share for every 10 existing shares of 5<sup>5/9</sup> pence per share. Shares shown at 31 December 2004 are shown on a post-consolidation basis. Details of the interests of P K Bentley in Centrica plc are shown in the 2004 Centrica plc Annual Report and Accounts. Details of the interests for the remaining directors were as follows:

### Beneficial interests in ordinary shares

	As at 31 December 2004	As at 2 September 2003
J A K Clark	1,447	362
I G Dawson	237,906	91,713
C Redcliffe	11,335	-

The figures above include shares held under the Centrica Share Incentive Plan.

**DIRECTORS' REPORT (continued)****Centrica Sharesave scheme**

	As at 2 September 2003	Options exercised during the period	Options granted during the period	As at 31 December 2004
J A K Clark	4,941	-	1,032	5,973
I G Dawson	15,336	-	-	15,336
C Redcliffe	5,349	-	-	5,349

Options over shares in Centrica plc were granted on 6 April 2004 at an option price of 182.6 pence per share.

**Centrica Executive Share Option scheme**

	As at 2 September 2003	Options exercised during the period	Options granted during the period	As at 31 December 2004
J A K Clark	223,139	-	91,551	314,690
I G Dawson	828,120	-	267,916	1,096,036
C Redcliffe	-	-	-	-

Under the terms of the scheme a further grant of options was made on 18 March 2004 at an option price of 223.95 pence per share.

**Centrica Long Term Incentive scheme**

	As at 2 September 2003	Allocations lapsed during the period	Allocations transferred during the period	Allocations made during the period	As at 31 December 2004
J A K Clark	159,915	(11,588)	(34,764)	47,717	161,280
I G Dawson	577,565	(22,872)	(232,854)	109,707	431,546
C Redcliffe	92,752	(6,404)	(19,212)	28,767	95,903

Total allocations as at 31 December 2004 shown above include both allocations of shares that are subject to performance conditions and awards of shares that have reached the conclusion of the relevant three year performance period but are subject to a two year retention period.

A conditional allocation of shares was made under this scheme on 1 April 2004 at a market price of 232 pence per share.

## DIRECTORS' REPORT (continued)

Options were granted under the terms of the ultimate parent company's Sharesave scheme, Executive Share Option scheme and allocations made under the terms of the Long Term Incentive scheme. Details of these schemes and the Share Incentive Plan can be found in the 2004 accounts of Centrica plc, copies of which can be obtained from the Secretariat Department of Centrica plc or from [www.centrica.com](http://www.centrica.com).

The middle market price of a Centrica plc ordinary share on the last day of trading of 2004 (31 December) was 236.25 pence. The range during the period was 256.25 pence (high) and 177.25 pence (low).

As at 31 December 2004, 6,400,000 shares were held by the trustee of the employee share trust under the LTIS rules. The directors are deemed to have a potential interest in those shares, being beneficiaries under the trust.

There were no contracts of significance subsisting during or at the end of the financial period to which the Company is a party and in which any director is or was materially interested.

### Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Transactions" from disclosure of transactions with other group companies. There have been no other disclosable related party transactions during the period.

### Charitable and political donations

The Company made no political or charitable donations during the year.

### Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc.

This report was approved by the Board on <sup>th</sup> June 2005.



S A Georgeson  
Company Secretary  
<sup>th</sup> June 2005

Registered office:  
St James's Chambers  
Athol Street  
Douglas  
Isle of Man IM1 1JE

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for the financial period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 Isle of Man Companies Acts 1931 - 1993. 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.

**PROFIT AND LOSS ACCOUNT**

For the period ended 31 December 2004

	Notes	2004 C\$000
Operating income	3	973
Operating costs		<u>(21)</u>
<b>Operating profit and profit on ordinary activities before taxation</b>		<b>952</b>
Taxation	4	<u>(290)</u>
<b>Profit after taxation</b>		<b>662</b>
<b>Retained profit transferred to reserves</b>		<b>662</b>

All activities relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and its historic cost equivalents.

There are no gains or losses in the period other than those recognised in the profit and loss account.

A statement of movements in shareholders' funds is shown in note 8.

The notes on pages 7 to 9 form part of these financial statements.

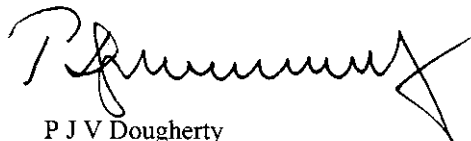
**BALANCE SHEET**  
**As at 31 December 2004**

	Notes	2004 C\$000
<b>CURRENT ASSETS</b>		
Debtors		
Amounts falling due in less than one year	5	795
Amounts falling due in more than one year	5	<u>520,000</u>
		520,795
Cash at bank and in hand		50
		<u>520,845</u>
<b>CURRENT LIABILITIES</b>		
Creditors amounts falling due within one year	6	(133)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>520,712</u>
<b>NET ASSETS</b>		<u>520,712</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	7	520,050
Profit and loss account		662
<b>SHAREHOLDERS FUNDS</b>	8	<u>520,712</u>

The financial statements were approved by the board of directors on <sup>4<sup>th</sup></sup> July 2005 and were signed on its behalf by:



J A Clark  
 Director



P J V Dougherty  
 Director

The notes on pages 7 to 9 form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS****1. PRINCIPAL ACCOUNTING POLICIES****Accounting principles**

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention and the Isle of Man Companies Acts 1931 - 1993. The financial statements comply with the Statement of Recommended Accounting Practice issued by the Isle of Man Society of Chartered Accountants and the Association of Chartered Certified Accountants.

**Basis of preparation**

The directors believe that the going concern basis is applicable for the preparation of the accounts.

**Exemptions**

The Company 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; within FRS 2 "Accounting for Subsidiary Undertakings", from consolidating its subsidiary undertakings; and within FRS 8 "Related Party Disclosures", from disclosing transactions with other group companies.

**Reporting currency**

The directors consider that the currency of the primary economic environment in which the company operates and generates net cash flows is Canadian dollars. Accordingly the financial statements have been prepared in Canadian dollars.

**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.

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 the 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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net 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 the 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.

**2. DIRECTORS AND EMPLOYEES**

No Directors received emoluments in respect of their services to the Company for the period ended 31 December 2004. All directors of the Company except for P J V Dougherty were members of one of the ultimate parent company's defined benefit schemes. Details of the defined benefit pension scheme can be found in the Centrica plc 2004 Annual Report and Accounts. The Company had no employees during the period ended 31 December 2004.

**3. OPERATING COSTS**

The audit fee for the period was borne by the ultimate parent company.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. TAXATION

The tax charge comprises:

2004  
C\$000

Corporation tax at 30%

290

Total tax on profit on ordinary activities

290

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

2003  
C\$000

Profit on ordinary activities before tax

952

Tax on profit on ordinary activities at standard UK corporation tax rate of 30%

286

Effects of:

Expenses not deductible for tax purposes

4

Current tax charge for the period

290

## 5. DEBTORS

Debtors amounts falling due

In less than one year  
2004  
C\$000In more than one year  
2004  
C\$000

Amounts owed by group undertakings

795

-

Other debtors

-

520,000

795

520,000

## 6. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

2004  
C\$000

Taxation and social security

(133)

(133)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7. CALLED UP SHARE CAPITAL

	2004 C\$000
<b>Authorised</b>	
50,000 ordinary shares of C\$1 each	50
520,000,000 ordinary B shares of C\$1 each	<u>520,000</u>
<b>Called up, allotted and fully paid</b>	
Ordinary shares of C\$1 each	50
<b>Called up, allotted and fully paid</b>	
Ordinary B shares of C\$1 each	<u>520,000</u>
	<u>520,050</u>

The Company was incorporated on 2 September 2003, with issued and authorised share capital of 1,000 ordinary shares of par value C\$1. The 1,000 shares were issued to Centrica Finance (Canada) Limited for C\$1,000 paid in cash.

On 22 September 2003, the Company increased its authorised share capital by C\$49,000 and issued a further 49,000 shares of par value to Centrica Finance (Canada) Limited for C\$49,000 paid in cash.

On 12 January 2004, the Company created a new class of B ordinary shares. The B ordinary shares have the same rights as the ordinary shares, except that they are non-voting. On 27 January 2004 the Company authorised 520,000,000 B ordinary shares and issued 520,000,000 to National Westminster Bank Plc for consideration of C\$520,000,000. Immediately on 27 January 2004, National Westminster Bank Plc transferred its entire holding of the B ordinary shares to the Company's immediate parent, Centrica Finance (Canada) Limited.

## 8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER FUNDS

	2004 C\$000
Shareholder funds as at the beginning of the period	-
Issue of ordinary share capital	520,050
Profit for the period	662
Shareholder funds at 31 December	<u>520,712</u>

## 9. ULTIMATE PARENT COMPANY

Centrica Finance (Canada) Limited is the immediate parent company. Centrica plc is the ultimate parent undertaking and the only group to consolidate the financial statements of the Company. Copies of the Annual Report of Centrica plc may be obtained from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD.