

Registration number: 06795997

Centrica Finance Investments Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016



Centrica Finance Investments Limited

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Centrica Finance Investments Limited

Strategic Report for the Year Ended 31 December 2016

The Directors present their Strategic Report for Centrica Finance Investments Limited (the 'Company') for the year ended 31 December 2016.

Review of the business

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

The principal activity of the Company was historically an investment holding company. The Company's result for the financial year was £nil (2015: loss £25). Total equity as at 31 December 2016 was £75 (2015: £75). The financial position of the Company is presented on page 10.

Principal risks and uncertainties

The company had no trading transactions in the year and is not subject to any significant risks.

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 business are net assets and results after tax and these are shown above.

Exit from the European Union

The UK referendum vote in June 2016 to leave the European Union has added to the uncertainties faced by the business. However, we believe that the direct impact on the business of these events is limited in the short-term. Many details of the implementation process remain unclear. Extricating from the European Union treaties is a task of immense complexity but with that being said, the business is well-positioned to manage any market impacts. There are also potential tax consequences of the withdrawal agreement which we will continue to reassess (at each reporting date) to ensure our tax provisions reflect the most likely outcome following the withdrawal.

Future developments

The company has no trading transactions and is intended to be liquidated in the foreseeable future.

Approved by the Board on 23 June 2017 and signed by its order:

 J. ELLIOT

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

Company registered in England and Wales, No. 06795997

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Finance Investments Limited

Directors' Report for the Year Ended 31 December 2016

The Directors present their report and the audited Financial Statements for the year ended 31 December 2016.

Directors of the Company

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

J Bell (resigned 15 April 2016)

Centrica Directors Limited

A S Page (appointed 15 April 2016)

Results and dividends

The results of the Company are set out on page 8. The result for the financial year ended 31 December 2016 is £nil (2015: loss £25). The Directors do not recommend the payment of a final dividend (2015: £nil).

Future developments

Future developments are discussed in the Strategic Report on page 1.

Going concern

As described in note 2 to the financial statements concerning the basis of preparation, as the Company did not engage in any trading during the current or prior year the Directors have decided to liquidate the Company in the foreseeable future. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision, or to reclassify fixed assets and long term liabilities as current assets and liabilities.

Directors' and officers' liabilities

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

Centrica Finance Investments Limited

Directors' Report for the Year Ended 31 December 2016 (continued)

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

Centrica Finance Investments Limited

Directors' Report for the Year Ended 31 December 2016 (continued)

Disclosure of information to the auditors

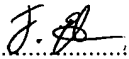
Each of the Directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all steps that they ought to have taken as Directors to make themselves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

Reappointment of auditors

Following a rigorous selection process by the Audit Committee of Centrica plc, Deloitte LLP was selected as the Centrica plc group's external auditor for the financial year commencing from 1 January 2017. Consequently, PricewaterhouseCoopers LLP will remain auditors of the Company until the formal resignation process has been completed later in 2017, after which Deloitte LLP will be appointed as auditors of the Company.

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, until the formal resignation process has been completed.

Approved by the Board on 23 June 2017 and signed on its behalf by:

 J. ELLIOT

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

Company registered in England and Wales, No. 06795997

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Finance Investments Limited

Independent auditors' report to the members of Centrica Finance Investments Limited

Report on the financial statements

Our opinion

In our opinion, Centrica Finance Investments Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result 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.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. As the company did not engage in any trading during the current or prior year, the Directors have decided to liquidate the company in the foreseeable future. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report") comprise:

- the statement of financial position as at 31 December 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information 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 addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Centrica Finance Investments Limited

Independent auditors' report to the members of Centrica Finance Investments Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ('ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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:

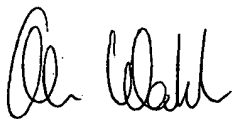
- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

**Independent auditors' report to the members of Centrica Finance Investments Limited
(continued)**

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Alan Walsh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

23 June 2017

Centrica Finance Investments Limited

Income Statement for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Operating costs		-	(30)
Operating loss		-	(30)
Finance income	4	-	5
		-	5
Loss before income tax		-	(25)
Income tax expense	6	-	-
Loss for the financial year		-	(25)

The above results were derived from discontinued operations.

Centrica Finance Investments Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	2016 £	2015 £
Loss for the financial year	-	(25)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u><u>-</u></u>	<u><u>(25)</u></u>

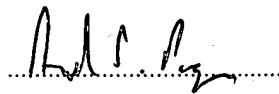
The notes on pages 12 to 17 form an integral part of these financial statements.

Centrica Finance Investments Limited

Statement of Financial Position as at 31 December 2016

	Note	2016 £	2015 £
Current assets			
Trade and other receivables	7	75	-
Cash and cash equivalents		-	10,035
Total assets		<u>75</u>	<u>10,035</u>
Current liabilities			
Trade and other payables	8	-	(9,900)
Borrowings		-	(60)
Total liabilities		<u>-</u>	<u>(9,960)</u>
Net assets		<u>75</u>	<u>75</u>
Equity			
Called up share capital	9	100	100
Retained earnings		(25)	(25)
Total equity		<u>75</u>	<u>75</u>

The financial statements on pages 8 to 17 were approved and authorised for issue by the Board of Directors on 23 June 2017.



A S Page

Director

Company number 06795997

The notes on pages 12 to 17 form an integral part of these financial statements.

Centrica Finance Investments Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2016	100	(25)	75
At 31 December 2016	100	(25)	75

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2015	100	-	100
Loss for the financial year and total comprehensive loss	-	(25)	(25)
At 31 December 2015	100	(25)	75

The notes on pages 12 to 17 form an integral part of these financial statements.

Centrica Finance Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

Centrica Finance Investments Limited (the 'Company') is a company limited by share capital incorporated and domiciled in the UK. The address of its registered office and principal place of business is:

Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

These Financial Statements were authorised for issue by the Board on 23 June 2017.

2 Accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

As the Company did not engage in any trading during the current or prior year, the Directors have decided to liquidate the Company in the foreseeable future. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Centrica Finance Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

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 IFRS"), 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 have been taken.

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

- A cash flow statement and related notes;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

As the consolidated financial statements of Centrica plc 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 IFRS 13 Fair value measurement and the disclosures required by IFRS 7 Financial instrument disclosures have not been provided.

These financial statements are presented in pound sterling with all values rounded to the nearest pound except when otherwise indicated, which is also the functional currency of the Company.

The financial statements are prepared on the historical cost basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2016 have had a material effect on the financial statements.

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.

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Centrica Finance Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Taxation

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

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill 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 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.

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 amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the effective interest rate ('EIR') (although in practice the discounting is often immaterial) less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group may not be able to collect the trade receivable. 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 obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

Centrica Finance Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

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.

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 'intercompany entities' are initially recognised at fair value net of directly attributable transaction costs (if any, in respect of 'intercompany funding'). After initial recognition, these financial instruments are measured at amortised cost using the EIR method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's income statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

3 Employees' costs

There were no employees during the year (2015: Nil).

In respect of the Directors' remuneration, refer to note 10 "related party transactions".

4 Finance income

	2016 £	2015 £
Interest income on bank and other short-term deposits	-	5
Finance income	-	5

5 Auditors' remuneration

Auditors' remuneration totalling £12,220 (2015: £29,241) relates to fees for the audit of the financial statements of the Company and are borne by Centrica plc.

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

6 Income tax

The differences between the taxes of £nil (2015: £nil) and the amounts calculated by applying the standard rate of UK corporation tax rate to the profit before tax are reconciled below:

Centrica Finance Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

6 Income tax (continued)

	2016 £	2015 £
Loss before tax at 20.00% (2015: 20.25%)	-	(25)
Tax expense at standard UK rate	-	(5)
<i>Effects of:</i>		
Increase (decrease) arising from group relief tax reconciliation	2,479	59
Increase (decrease) from transfer pricing adjustments	(2,479)	(54)
Total income tax expense/(credit)	-	-

Factors that may affect future tax changes

The main rate of corporation tax for the year to 31 December 2016 was 20%. The corporation tax rate will reduce to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020 following the enactment of Finance (No. 2) Act 2015 and Finance Act 2016 respectively. These enacted rates have been reflected in these financial statements when providing for deferred tax.

7 Trade and other receivables

	2016 £	2015 £
Amounts owed by group undertakings	75	-

8 Trade and other payables

	2016 £	2015 £
Accrued expenses	-	30
Amounts owed to group undertakings	-	9,870
	-	9,900

Centrica Finance Investments Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

9 Called up share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

10 Related party transactions

Directors' remuneration

The emoluments of both of the directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other Centrica plc subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements.

11 Parent and ultimate parent undertaking

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

The ultimate parent 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 Centrica plc consolidated financial statements may be obtained from www.centrica.com.

The ultimate controlling party is Centrica plc.