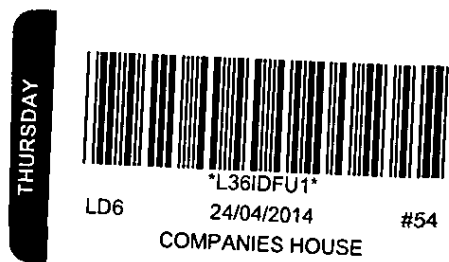


Registered Number: 02877397

Centrica Energy (Trading) Limited

**Annual report and Financial Statements
For the year ended 31 December 2013**



Centrica Energy (Trading) Limited

	Page
Strategic report for the year ended 31 December 2013	1
Directors' report for the year ended 31 December 2013	2
Independent auditors' report to the members of Centrica Energy (Trading) Limited	4
Profit and loss account for the year ended 31 December 2013	6
Balance sheet as at 31 December 2013	7
Notes to the financial statements for the year ended 31 December 2013	8

Centrica Energy (Trading) Limited

Strategic report for the year ended 31 December 2013

The Directors present the Strategic report of Centrica Energy (Trading) Limited ("the Company") for the year ended 31 December 2013

Business Review

The Company is registered with the Financial Conduct Authority to provide agency and arranging services primarily to its parent company Centrica Energy Limited (CEL) for transactions in physical energy products and energy related derivatives. The Company's increased cost base was in line with expectations as set out under the terms of the service level agreement with CEL.

The financial position of the Company at the end of the year was in line with projections. The Directors' regularly review the financial position of the Company to ensure that there is sufficient capital to meet regulatory requirements.

Principal risks and uncertainties

The principal risk and uncertainty affecting the business and the execution of the company strategy is continuing to operate efficiently and effectively within the regulatory requirements placed upon the business.

The Company's operations expose it to a number of financial risks. Given the size and nature of the Company these risks are managed by the finance department in accordance with Group guidelines set by Centrica plc. The principal financial risk facing the Company is credit risk, which arises on intercompany balances and its bank deposits. Bank deposits are only held with financial institutions which have been approved by Centrica plc.

Key performance indicators

The Directors of the Group use a number of key performance indicators to monitor progress against the Group's strategy. The development and performance, which includes the Company, are discussed on pages 16- 17 of the Annual Report and Accounts 2013 of the Group which does not form part of this report.

The Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business.

This Strategic report was approved by the Board on 09 April 2014.



For and on behalf of Centrica Secretaries Limited
Company Secretary

09 April 2014

Company registered in England and Wales No 02877397

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Energy (Trading) Limited

Directors' report for the year ended 31 December 2013

Results and dividends

The results of the Company are set out on page 6

The profit for the financial year ended 31 December 2013 is £1,789,000 (2012 £1,771,000) The Directors paid no interim dividend during the year to the Company's immediate parent company, Centrica Energy Limited (2012 £5,000,000) The Directors recommend that no final dividend be paid

Financial position

The financial position of the Company is presented in the balance sheet on page 7 Total shareholders' funds at 31 December 2013 were £8,273,000 (2012 £6,484,000), comprising net current assets of £8,273,000 (2012 £6,484,000)

Directors

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

Mr V M Hanafin
Mr A D Le Poidevin
Mr A Netemeyer
Mr C J Stern

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

Post balance sheet events

There were no post balance sheet events

Political donations

The Company made no political donations during the year (2012 £nil)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 Energy (Trading) Limited

Directors' report for the year ended 31 December 2013 (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 Directors' report was approved by the Board on 09 April 2014



For and on behalf of Centrica Secretaries Limited
Company Secretary

09 April 2014

Company registered in England and Wales No 02877397

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Energy (Trading) Limited

Independent auditors' report to the members of Centrica Energy (Trading) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Centrica Energy (Trading) Limited, comprise

- the Balance Sheet as at 31 December 2013
- the Profit and Loss account 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 their preparation is applicable law and United Kingdom Accounting Standards (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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (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

In addition, we read all the financial and non-financial information in the Strategic report, Director's report and financial statements 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report and Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Centrica Energy (Trading) Limited

Independent auditors' report to the members of Centrica Energy (Trading) Limited

- 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 if, in our opinion, certain disclosures of directors' remuneration specified by law have not been 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 2, 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 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.



Paul Ward (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
09 April 2014

Centrica Energy (Trading) Limited

Profit and loss account for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Turnover	1	25,506	19,344
Cost of sales		<u>(23,187)</u>	<u>(17,586)</u>
Operating profit		2,319	1,758
Interest receivable and similar income		8	13
Profit on ordinary activities before taxation		<u>2,327</u>	<u>1,771</u>
Tax on profit on ordinary activities	3	(538)	-
Profit for the financial year	9	<u><u>1,789</u></u>	<u><u>1,771</u></u>

All gains for the year have been derived from continuing operations

There were no recognised gains or losses for the financial year and the prior other than as stated above

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

The related notes on pages 8 to 12 form part of these financial statements

Centrica Energy (Trading) Limited

Balance sheet as at 31 December 2013

		2013 £'000	2012 £'000
Current assets	Note		
Debtors (amounts falling due within one year)	5	579	354
Cash at bank and in hand		8,232	6,130
		<u>8,811</u>	<u>6,484</u>
Creditors (amounts falling due within one year)	6	(538)	-
		<u>8,273</u>	<u>6,484</u>
Net current assets		<u>8,273</u>	<u>6,484</u>
Total assets less current liabilities		<u>8,273</u>	<u>6,484</u>
Net assets		<u>8,273</u>	<u>6,484</u>
Capital and reserves			
Called up share capital	7	850	850
Profit and loss account	8	7,423	5,634
		<u>8,273</u>	<u>6,484</u>
Total shareholders' funds	9	<u>8,273</u>	<u>6,484</u>

The financial statements were approved and authorised for issue by the Board of Directors on 09 April 2014 and were signed on its behalf by



A D Le Poidevin
Director

The related notes on pages 8 to 12 form part of these financial statements

Centrica Energy (Trading) Limited

Notes to the financial statements for the year ended 31 December 2013

1 Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), all of which have been consistently applied. The principal accounting policies are set out below.

Exemptions

The company is a wholly-owned subsidiary of Centrica plc 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 FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related-party transactions with other wholly-owned subsidiaries that are part of the Centrica plc group.

Turnover

Turnover, which excludes value added tax, represents the value of amounts charged to Centrica Energy Limited for services provided, which represents a mark up of 10% on costs incurred. All of the turnover arises in the United Kingdom.

Cost of sales

Cost of sales relate to costs borne by Centrica Energy Limited in relation to regulated activities. These costs are then recharged to the Company. Costs recharged to the Company contain employee costs for individuals who are employed by Centrica Energy Limited. Details of recharged employee costs are included in note 2. The Company has no employees (2012: nil).

Auditors' remuneration

Auditors' remuneration totalling £10,000 (2012: £10,000) relates to fees for the audit of the UK GAAP statutory financial statements of the Company and includes fees in relation to the audit of the IFRS Group consolidation schedules, for the purpose of the Centrica plc group audit, which also contribute to the audit of the Company. The auditors' remuneration of £10,000 (2012: £10,000) is borne by the immediate parent, Centrica Energy Limited, and is not recharged.

Debtors and creditors

The intercompany balances between the Company and Centrica Energy Limited are disclosed on a net basis, as the intercompany debtor and creditor amounts are settled net in practice and there is a service level agreement in place that states that the amounts shall be settled net.

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 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. Timing differences are differences between the Company's taxable profits and its results 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 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.

Centrica Energy (Trading) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

2 Directors' and employee information

The Company has no employees (2012 nil) Costs attributed to employees seconded to the Company under the terms of the service level agreement with Centrica Energy Limited are £8,784,000 (2012 £5,804,000) and are included within a management charge The remuneration of those employees is included within the financial statements of Centrica Energy Limited

A number of the Directors hold other directorships across the Centrica plc group and therefore their total emoluments and pension contributions have been allocated across these companies on an appropriate basis for disclosure purposes

The aggregate emoluments paid to Directors in respect of their qualifying services were £503,000 (2012 £406,000) The aggregate value of company contributions paid to a pension scheme in respect of Directors' qualifying services were £57,000 (2012 £39,000)

There were two Directors (2012 two) to whom retirement benefits are accruing under defined benefit pension schemes There was one Director (2012 nil) to whom retirement benefits are accruing under money purchase pension schemes There were three Directors (2012 three) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme There were two Directors (2012 two) who exercised share options relating to the ultimate parent company

The highest paid Director changed in the current year The highest paid Director received emoluments of £222,000 (2012 £191,000) and the Company contributed £41,000 (2012 £nil) to their pension scheme The highest paid Director is accruing retirement benefits under a defined benefit pension scheme, the accrued value at the balance sheet date was £64,000 (2012 £nil) In the current year the highest paid Director received shares in respect of qualifying services under a long-term incentive scheme (2012 nil) In the current year the highest paid Director exercised share options relating to the ultimate parent company (2012 nil)

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 Energy (Trading) Limited are deemed to be nil Details of his overall remuneration are included in the Centrica plc annual report and accounts

3 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
(a) Analysis of tax charge in the year		
The tax charge comprises		
Current tax:		
United Kingdom corporation tax at 23.25% (2012 24.5%)	538	-
Total current tax	538	-

Centrica Energy (Trading) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

3 Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the year

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

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	2,327	1,771
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	541	434
Effects of		
Group relief received for nil consideration	-	(431)
UK UK transfer pricing adjustment	(2)	(3)
Tax charge for the year	<u>538</u>	<u>-</u>

No deferred tax arises on the Company's activities during the year (2012: nil)

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013. Further reductions to reduce the rate to 21% from 1 April 2014 and to 20% by 1 April 2015 were substantively enacted in Finance Act 2013 on 2 July 2013 and have been reflected within these financial statements.

4 Dividends

	2013 £'000	2012 £'000
Dividends paid	-	5,000
	<u>-</u>	<u>5,000</u>

The Directors paid no interim dividend during the year to Centrica Energy Limited (2012: £5,000,000). No final dividend was proposed (2012: nil).

Centrica Energy (Trading) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

5 Debtors (amounts falling due within one year)

	2013 £'000	2012 £'000
Amounts owed by group undertakings	579	354
	<u>579</u>	<u>354</u>

Amounts owed by group undertakings are unsecured, have a fixed date of payment and are not interest bearing

6 Creditors (amounts falling due within one year)

	2013 £'000	2012 £'000
Amounts owed to group undertakings	(538)	-
	<u>(538)</u>	<u>-</u>

Amounts owed to group undertakings are unsecured, have a fixed date of payment and are not interest bearing

7 Called up share capital

	2013 £'000	2012 £'000
Allotted and fully paid share capital		
850,000 (2012 850,000) ordinary shares of £1 each	850	850

8 Profit and loss account

	2013 £'000	2012 £'000
As at 1 January	5,634	8,863
Retained profit/(loss) for the financial year (note 9)	1,789	(3,229)
As at 31 December	<u>7,423</u>	<u>5,634</u>

Centrica Energy (Trading) Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

9 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	1,789	1,771
Dividends	-	(5,000)
Retained profit/(loss) for the financial year	<u>1,789</u>	<u>(3,229)</u>
Shareholders' funds as at 1 January	6,484	9,713
Shareholders' funds as at 31 December	<u><u>8,273</u></u>	<u><u>6,484</u></u>

10 Ultimate parent undertaking

The Company's immediate parent undertaking is Centrica Energy Limited, a company registered in England and Wales

The Company's 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 financial statement. Copies of the Centrica plc consolidated financial statements can be obtained from www.centrica.com