

Registered Number: 02352390

Centrica Brigg Limited

**Annual Report and Financial Statements
For the year ended 31 December 2014**

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Centrica Brigg Limited

Annual Report and Financial Statements for the year ended 31 December 2014

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Centrica Brigg Limited

Strategic Report for the year ended 31 December 2014

The Directors present the Strategic Report of Centrica Brigg Limited (“the Company”) for the year ended 31 December 2014.

Business review

The Company’s principal activity during the year was the operation of a 240 MW open cycle gas turbine power station at Brigg, North Lincolnshire (“Glanford Brigg Power Station”). The Company generates power which is sold through a Short-Term Operating Reserve (STOR) contract with National Grid which means that it can be called on at short notice to balance the network. The STOR contract expired at the end of March 2015.

Market conditions continued to be challenging for gas-fired power stations with low UK Clean Spark Spreads continuing during 2014. Baseload power generation has predominantly been provided by coal while installed capacity from renewable sources has also increased, leaving gas to operate in peak periods of demand only. As a result of this, generation has been lower than previous years and this coupled with the low clean spark spreads has provided a difficult environment for trading.

The future market for gas fired power generation is expected to improve with the forecast closure of a number of stations and the requirement for back-up plants to support intermittent renewable generation. These changes mean that there are risks to the future security of electricity supplies. In December 2014 the Government conducted the first Capacity Market Auction to address these concerns. The Capacity Market is designed to provide a market framework to encourage participants to invest in generating facilities to ensure we have enough reliable electricity capacity to meet demand. Despite the auction taking place, clearing prices were much lower than anticipated and Brigg was unsuccessful in obtaining a capacity market agreement. Due to a continued poor outlook in trading and failure to obtain both a STOR contract and a 2018 Capacity Market contract, the company was looking into other options for the station. In July 2015 Brigg secured a STOR contract for summer 2016 and gained final approval to operate as a 99MW embedded generator.

Despite the difficulties in the UK power market, trading for 2014 was ahead of Directors’ expectations due, predominantly, to savings made against rates following the installation of the bypass stacks in 2013. However, the Company has generated an operating loss because of the adverse market conditions described above which ultimately resulted in the fixed costs of the station not being covered by revenues generated from operations.

In 2014 the estimated costs of decommissioning the power station increased by £277,000 resulting in an increase to the decommissioning liability. As a result an exceptional charge of £277,000 has been recognised in the Profit and Loss Account in 2014 (2013: credit of £179,000 as a result of extending the power station life).

Also, following an impairment review in 2014 an impairment charge of £843,000 was recognised in that year (2013: £nil) against the tangible assets which writes the value of the power station down to net realisable value. In addition an impairment charge of £667,000 was recognised in that year (2013: £nil) against stocks.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company are discussed on pages 40-45 of the 2014 Centrica plc Annual Report and Accounts which does not form part of this report.

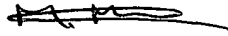
Key performance indicators (KPIs)

The Directors of the Group use a number of key performance indicators to monitor progress against the Group’s strategy. The development and performance of the Group, which includes the Company, are discussed on pages 18-19 of the 2014 Centrica plc Annual Report and Accounts which does not form part of this report.

Centrica Brigg Limited

Strategic Report for the year ended 31 December 2014 (continued)

This Strategic Report was approved by the Board on 31 July 2015.



MATTHEW MADELEY

31.7.2015

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

Company registered in England and Wales No. 02352390

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Centrica Brigg Limited

Directors' Report for the year ended 31 December 2014

The Directors present their report and the audited financial statements of Centrica Brigg Limited for the year ended 31 December 2014.

Financial risk management

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed. Exposure to counterparty credit risk and liquidity risk arises in the normal course of the Company's business:

- Counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. Credit risk is predominantly limited to exposures with other Centrica plc group undertakings.
- Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly.
- Liquidity risk is managed through funding arrangements with Centrica plc group undertakings.
- Foreign currency exposure is monitored by currency and duration and managed through hedging activities.

The Company did not take part in any hedging activity other than hedging with respect to foreign currency risk.

Results and dividends

The results of the Company are set out on page 8.

The loss for the financial year ended 31 December 2014 is £1,243,000 (2013: loss of £1,794,000).

No dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2013: £nil).

Financial position

The financial position of the Company is presented in the Balance Sheet on page 9. The shareholders' funds at 31 December 2014 were £22,984,000 (2013: £24,227,000).

Going concern

The Directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent company Centrica plc. The Directors have received confirmation that Centrica plc intends to support the company for at least one year after these financial statements have been signed.

Centrica Brigg Limited

Directors' Report for the year ended 31 December 2014 (continued)

Directors

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

Richard McCord
Mark Futyan (Appointed 22 April 2014)
John Knight (Appointed 1 January 2014, Resigned 24 October 2014)
Graeme Collinson (Resigned 1 January 2014)
John Watts (Resigned 22 April 2014)
Peter Koch de Gooreynd (Appointed 2 February 2015)

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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic 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 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.

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.


Centrica Brigg Limited

Directors' Report for the year ended 31 December 2014 (continued)

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 31 July 2015.



MATTHEW MADELEY

31.7.2015

By order of the board for and on behalf of Centrica Secretaries Limited

Company Secretary

Company registered in England and Wales No. 02352390

Registered office:

Millstream

Maidenhead Road

Windsor

Berkshire

SL4 5GD

Centrica Brigg Limited

Independent Auditors' Report to the members of Centrica Brigg Limited

Report on the financial statements

Our opinion

In our opinion, Centrica Brigg 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 2014 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.

What we have audited

Centrica Brigg Limited's financial statements comprise:

- Balance Sheet as at 31 December 2014
- 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 the preparation of the financial statements 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' 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
- 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.

Centrica Brigg Limited

Independent Auditors' Report to the members of Centrica Brigg Limited (continued)

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, 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.

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 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.

Mark King (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 July 2015

Centrica Brigg Limited

Profit and Loss Account for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	3	4,647	3,784
Cost of sales		<u>(4,492)</u>	<u>(6,536)</u>
Gross profit / (loss)		<u>155</u>	<u>(2,752)</u>
Administrative expenses - including exceptional items		(3,335)	(2,057)
Other operating income		3	-
Operating loss before exceptional items		(1,390)	(5,092)
Exceptional operating item - profit on disposal of fuel oil	4	-	355
Exceptional operating item - revision to abandonment estimate	4	(277)	179
Exceptional operating item - impairment of tangible fixed assets	4	(843)	-
Exceptional operating item - restructuring	4	-	(251)
Exceptional operating item - impairment of stocks	4	(667)	-
Operating loss	4	(3,177)	(4,809)
Interest receivable and similar income	7	1,142	2,132
Interest payable and similar charges	8	<u>(50)</u>	<u>(94)</u>
Loss on ordinary activities before taxation		(2,085)	(2,771)
Tax on loss on ordinary activities	9	842	977
Loss for the financial year	17	<u>(1,243)</u>	<u>(1,794)</u>

The Company has no recognised gains or losses other than the loss above, and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

There are no differences between the loss on ordinary activities before taxation and the loss for the years stated above and their historical cost equivalents.

All results relate to continuing operations.

The notes on pages 10 to 21 form part of these financial statements.

Centrica Brigg Limited

Balance Sheet as at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	10	<u>1,616</u>	<u>3,071</u>
Current assets			
Stocks	11	-	647
Debtors	12	<u>59,581</u>	<u>59,983</u>
		59,581	60,630
Creditors - amounts falling due within one year	13	(35,874)	(37,163)
Net current assets		<u>23,707</u>	<u>23,467</u>
Total assets less current liabilities		25,323	26,538
Provisions for liabilities	14	(2,339)	(2,311)
Net assets		<u><u>22,984</u></u>	<u><u>24,227</u></u>
Capital and reserves			
Called up share capital	16	35,310	35,310
Profit and Loss Account	17	(12,326)	(11,083)
Total shareholders' funds	18	<u><u>22,984</u></u>	<u><u>24,227</u></u>

The notes on pages 10 to 21 form part of these financial statements.

The financial statements on pages 8 to 21 were approved and authorised for issue by the Board of Directors on 31 July 2015 and were signed on its behalf by:



Richard McCord
Director
Registered Number: 02352390

Centrica Brigg Limited

Notes to the Financial Statements for the year ended 31 December 2014

1. Principal accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and the applicable United Kingdom accounting standards. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Turnover

Turnover is recognised on an accruals basis and relates to the sale of power generation capacity to a fellow Group undertaking during the year in accordance with the capacity tolling arrangement.

The Company is a lessor for certain lease contracts that contain both fixed and variable cash flows. The fixed income generated from operating leases is accounted for on a straight line basis whereas the variable income element is recognised on an accruals basis because this is deemed to be the most relevant method to account due to the nature of the income stream.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company (Centrica plc). The Directors have received confirmation that Centrica plc intends to support the Company for at least one year after these financial statements are signed.

Tangible assets

Tangible assets are stated at historic cost less accumulated depreciation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on all fixed assets, other than freehold land and gas turbine components in the course of a major overhaul and assets in the course of construction. Depreciation is provided at rates calculated to write off the cost of each asset to its residual value on a straight-line basis over its expected useful life as follows for these asset classes:

- Power station assets: 20 years
- Turbine components, other plant and machinery: 3-6 years

For gas turbine components, depreciation is provided to write off the cost of the assets over their operating lives on an equivalent operating hours basis.

Overhaul costs

Contract work involved in replacing gas turbine components is capitalised and depreciated over their expected economic life, typically over the period to the next overhaul. Repairs and other costs that are not of a capital nature are charged directly to the Profit and Loss Account as incurred.

Stocks

Stocks are stated at the lower of cost incurred in bringing each item to its present location and condition and net realisable value. Provision is made where necessary for obsolete, slow-moving and defective stocks. Cost is determined on an average cost basis.

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1. Principal accounting policies (continued)

Decommissioning provision

Provision is made for the net present value of the estimated cost of decommissioning the power station at the end of its useful life, based on price levels and technology at the balance sheet date.

Changes in these estimates and changes to the discount rates are dealt with prospectively. When an increase in the provision gives access to future economic benefits, a decommissioning asset is recognised and amortised on a straight-line basis over the useful life of the facility; otherwise the increase is recognised directly in the Profit and Loss Account. When a reduction in the estimated provision is required, the amount of the related asset is reduced to the extent of the asset's carrying amount. Any excess is recognised immediately in the Profit and Loss Account. The unwinding of the discount on the provision is included in the Profit and Loss Account within interest expense.

Financial instruments

The Company has entered into forward contracts to economically hedge its foreign exchange exposure on milestone payments made to foreign suppliers. Changes in the derivatives' fair value are not recognised, but they are disclosed in note 15.

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 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 as stated in the financial statements.

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

Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profits will be available against which the unused tax losses can be utilised.

Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1. Principal accounting policies (continued)

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Recoverable amount is the higher of net realisable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

A previously recognised impairment loss on a tangible asset is reversed only because of a change in economic conditions or in the expected use of the asset. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the Profit and Loss Account immediately. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

EU Emissions Trading Scheme (EU ETS)

Where granted EU ETS emissions allowances have been received in a period they are initially recognised at nominal value (nil value). A liability is recognised when the level of emissions exceeds the level of allowances granted. As part of the tolling arrangement, the tollee must provide the Company with sufficient EU ETS emissions allowances to meet any shortfall on the settlement date. The liability is measured at the cost of EU ETS emissions allowances purchased by the tollee, up to the level of purchased EU ETS emissions allowances physically held, and then at the market price of EU ETS emissions allowances ruling at the balance sheet date. A matching receivable from the tollee is recognised at the same time.

Foreign currencies

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 functional currency ruling at the date of the transaction or the rate that they have been hedged at using forward contracts (see 'Financial Instruments' below). Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date or at the hedged currency rate if applicable.

2. Cash flow statements 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 1 (revised 1996) "Cash Flow Statements". The Company is also exempt under the terms of financial reporting standard 8 "Related Party Disclosures" from disclosure of transactions with other wholly-owned companies that are part of the Group.

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

3. Turnover

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

During the financial year the rentals receivable under operating leases were £2,136,000 (2013: £2,363,000).

4. Operating loss

	2014 £000	2013 £000
Operating loss is stated after charging / (crediting):		
Depreciation of owned tangible fixed assets	515	-
Exceptional item - impairment of tangible fixed assets ⁽ⁱ⁾	843	-
Exceptional item - impairment of stocks ⁽ⁱⁱ⁾	667	-
Exceptional item - profit on disposal of fuel oil ⁽ⁱⁱⁱ⁾	-	(355)
Exceptional item - restructuring ^(iv) (note 14)	-	251
Exceptional item - revision to abandonment estimate ^(v)	277	(179)
Operating lease charges - plant and machinery	4	4
Auditors remuneration: statutory audit ^(vi)	8	8

(i) Impairment of tangible assets

Following an impairment review in 2014, an impairment charge of £843,000 was recognised in that year which writes the value of the power station down to net realisable value (2013: £nil).

(ii) Impairment of stocks

Following a review in 2014 of the carrying value of the stock at the power station, an impairment charge of £667,000 was recognised in that year (2013: £nil).

(iii) Stock reversal and profit on disposal of fuel oil

Fuel oil was disposed in 2013 giving rise to a £355,000 profit on disposal.

(iv) Restructuring provision

Due to the difficult market conditions a £251,000 restructuring provision was made in 2013 to cover business re-organisation costs.

(v) Revision to abandonment estimate

In 2014 the estimated costs of decommissioning the power station increased by £277,000 resulting in an increase to the decommissioning liability. As a result an exceptional charge of £277,000 has been recognised in the Profit and Loss Account in 2014 (2013: credit of £179,000 as a result of extending the power station life).

(vi) Auditors' remuneration

Auditors' remuneration totalling £8,000 (2013: £8,000) relates to fees for the audit of the UK GAAP statutory financial statements of Centrica Brigg Limited. Auditors' remuneration totalling £1,000 (2013: £nil) relates to non-audit work in respect of the Company which has not been included above.

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5. Directors' emoluments

The aggregate emoluments paid to directors in respect of their qualifying services were £63,748 (2013: £105,886). The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services were £6,416 (2013: £13,347).

There were 3 directors (2013: 4) to whom retirement benefits are accruing under a defined benefit pension scheme and there were 2 directors (2013: 1) to whom retirement benefits are accruing under money purchase pension schemes. 3 directors (2013: 4) received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme and 3 directors (2013: 2) exercised share options relating to the ultimate parent company. All of these costs were borne by other Group companies.

6. Employee information

The Company has no direct employees (2013: nil). However, payroll costs amounting to £731,000 (2013: £1,462,000) were incurred through a recharge during the year in respect of an average of 11 (2013: 19) staff providing services to Centrica Brigg Limited under an employee services agreement with a Group company. Also under this agreement additional pension costs of £85,000 (2013: £1,401,000) have been incurred from the Group company.

7. Interest receivable and similar income

	2014	2013
	£000	£000
Interest receivable from Group undertakings	<u>1,142</u>	<u>2,132</u>

8. Interest payable and similar charges

	2014	2013
	£000	£000
Decommissioning provision notional interest (note 14)	<u>50</u>	<u>94</u>
	<u>50</u>	<u>94</u>

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9. Tax on loss on ordinary activities

	2014 £000	2013 £000
(a) Analysis of tax credit in the year		
The tax credit comprises:		
Current tax:		
United Kingdom corporation tax at 21.5% (2013: 23.25%)	<u>(396)</u>	<u>(977)</u>
Deferred tax:		
Effect of change to deferred tax rate	25	-
Origination and reversal of timing differences	<u>(471)</u>	<u>-</u>
Total tax on loss on ordinary activities	<u>(842)</u>	<u>(977)</u>

(b) Factors affecting the tax credit 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 loss before taxation are as follows:

	2014 £000	2013 £000
Loss on ordinary activities before taxation	(2,085)	(2,771)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21.5% (2013: 23.25%)	(448)	(645)
Effects of:		
Expenses not deductible for tax purposes	53	135
Income not taxable for tax purposes	-	(41)
Capital allowances in excess of depreciation	143	(203)
Timing differences	6	38
Group relief for nil consideration	-	-
UK:UK transfer pricing adjustment	<u>(150)</u>	<u>(261)</u>
Current tax credit for the year	<u>(396)</u>	<u>(977)</u>

The main rate of corporation tax was reduced from 23% to 21% from 1 April 2014. A further reduction to reduce the rate to 20% from 1 April 2015 was substantively enacted in Finance Act 2013 on 2 July 2013 and have been reflected within these financial statements.

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

10. Tangible assets

	Power station assets £000	Turbine components, other plant and machinery £000	Decommissioning asset £000	Total £000
Cost or valuation				
At 1 January 2014	77,520	9,731	1,890	89,141
Disposals	(97)	-	-	(97)
At 31 December 2014	77,423	9,731	1,890	89,044
Accumulated depreciation				
At 1 January 2014	74,449	9,731	1,890	86,070
Charge for the year	515	-	-	515
Impairment	843	-	-	843
At 31 December 2014	75,807	9,731	1,890	87,428
Net book value				
At 31 December 2014	1,616	-	-	1,616
At 31 December 2013	3,071	-	-	3,071

11. Stocks

	2014 £000	2013 £000
Consumables	-	647
	-	647

Following a review in 2014 of the carrying value of the stock at the power station, an impairment charge of £667,000 was recognised in that year (2013: £nil).

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

12. Debtors

	2014 £000	2013 £000
Amounts owed by Group undertakings	58,891	59,334
Value Added Tax	-	107
Deferred taxation	446	-
Other debtors	198	164
Prepayments and accrued income	46	378
	<u>59,581</u>	<u>59,983</u>

Included within the amounts owed by Group undertakings is a net receivable of £58,415,000 (2013: £59,334,000) consisting of interest bearing and non-interest bearing balances to the same Group undertaking. The interest bearing balance comprises a receivable of £62,834,000 (2013: £65,657,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The non-interest bearing balance comprises a payable of £4,419,000 (2013: £6,323,000). These two balances were netted, resulting in a net receivable of £58,415,000. The quarterly rates ranged between 1.69% and 1.90% per annum during 2014 (2013: 2.34% and 3.19%). The other amounts owed by Group undertakings are interest-free. All amounts owed by Group undertakings are unsecured and repayable on demand.

Deferred corporation tax asset is analysed as follows:

	Provided		Unprovided	
	This year £000	Last year £000	This year £000	Last year £000
Deferred corporation tax				
- accelerated capital allowances	446	-	332	199
- other timing differences	-	-	468	462
	<u>-</u>	<u>-</u>	<u>800</u>	<u>661</u>

Due to a change in group policy, the surrender of tax losses for group relief is now compensated by the receiving company, as such previously unrecognised deferred tax assets arising from capital allowances are now being recognised. The company has continued not to recognise deferred tax assets resulting from other timing differences due to uncertainty regarding the amount and timing of relief available in the future.

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

13. Creditors – amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	103	311
Amounts owed to Group undertakings	35,579	35,805
EU ETS emissions obligation	42	40
Accruals and deferred income	138	1,007
Value Added Tax	12	-
	<u>35,874</u>	<u>37,163</u>

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

14. Provisions for liabilities

	Decommissioning provision £000	Restructuring Provision £000	Total £000
At 1 January 2014	2,060	251	2,311
Additions and revisions	277	-	277
Utilisation	(155)	(151)	(306)
Accretion of interest	50	-	50
Charged to the Profit and Loss Account	-	7	7
At 31 December 2014	2,232	107	2,339

Decommissioning provision

In 2014 the estimated costs of decommissioning the power station increased by £277,000, resulting in an exceptional charge of £277,000.

Restructuring provision

The restructuring provision reflects the costs for a business wide re-organisation.

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

15. Financial instruments

In accordance with Statutory Instrument 2008/410 of the Companies Act 2006, the fair values of the Company's financial instruments are analysed below.

	2014 £000	2013 £000
Derivative financial instruments		
Foreign exchange derivatives - assets	-	18

16. Called up share capital

	2014 £000	2013 £000
Allotted and fully paid		
35,310,000 ordinary shares of £1 each (2013: 35,310,000 ordinary shares of £1 each)	35,310	35,310

17. Profit and loss account

	2014 £000	2013 £000
At 1 January 2014	(11,083)	(9,289)
Loss for the financial year	(1,243)	(1,794)
At 31 December 2014	(12,326)	(11,083)

18. Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	24,227	26,021
Loss for the financial year	(1,243)	(1,794)
Closing shareholders' funds	22,984	24,227

Centrica Brigg Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

19. Financial commitments

At 31 December the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Other	
	2014	2013
	£000	£000
Within one year	3	-
Within two to five years	-	3
After five years	-	-

20. Post balance sheet events

Due to a continued poor outlook in trading and failure to obtain both a STOR contract and a 2018 Capacity Market contract, the company was looking into other options for the station. In July 2015 Brigg secured a STOR contract for summer 2016 and gained final approval to operate as a 99MW embedded generator.

21. Ultimate parent undertaking

The Company's immediate parent undertaking is GB Gas Holdings 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 statements. Copies of the Centrica plc consolidated financial statements may be obtained from www.centrica.com.