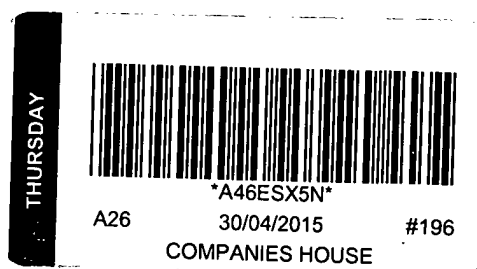


**Registered Number: 02877397**

**Centrica Energy (Trading) Limited**

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



# Centrica Energy (Trading) Limited

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# Centrica Energy (Trading) Limited

## Strategic report for the year ended 31 December 2014

The Directors present the Strategic report of Centrica Energy (Trading) Limited ("the Company") for the year ended 31 December 2014.

### 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, and the Company recharged these costs with a mark-up of 10% to CEL as set out under the terms of the service level agreement between the companies.

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 financial and non-financial performance indicators, which include the Company, are discussed on pages 18 and 19 of the Annual Report and Accounts 2014 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 24th April 2015.**



**For and on behalf of Centrica Secretaries Limited  
Company Secretary**

**24th April 2015**

**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 2014

### Results and dividends

The results of the Company are set out on page 6.

The profit for the financial year ended 31 December 2014 is £2,758,000 (2013: £1,789,000). The Directors paid no interim dividend during the year to the Company's immediate parent company, Centrica Energy Limited (2013: £0). The Directors recommend that no final dividend be paid (2013: £0).

### Financial position

The financial position of the Company is presented in the balance sheet on page 7. Total shareholders' funds at 31 December 2014 were £11,031,000 (2013: £8,273,000), comprising net current assets of £11,031,000 (2013: £8,273,000).

### 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 (2013: None).

### Political donations

The Company made no political donations during the year (2013: 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 2014 (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 24th April 2015.



For and on behalf of Centrica Secretaries Limited  
Company Secretary

24th April 2015

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, Centrica Energy (Trading) 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 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.

#### What we have audited

Centrica Energy (Trading) Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year ended 31 December 2014; 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 the 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 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.

# Centrica Energy (Trading) Limited

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

### 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 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.

Sally Nicholson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24th April 2015

# Centrica Energy (Trading) Limited

## Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover		38,524	25,506
Cost of sales		<u>(35,022)</u>	<u>(23,187)</u>
Operating profit		3,502	2,319
Interest receivable and similar income		9	8
Profit on ordinary activities before taxation		<u>3,511</u>	<u>2,327</u>
Tax on profit on ordinary activities	3	(753)	(538)
Profit for the financial year	8	<u><u>2,758</u></u>	<u><u>1,789</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 2014

		Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
<b>Current assets</b>	<b>Note</b>		
Debtors (amounts falling due within one year)	4	1,196	579
Cash at bank and in hand		11,126	8,232
		<u>12,322</u>	<u>8,811</u>
<b>Creditors (amounts falling due within one year)</b>	5	(1,291)	(538)
<b>Net current assets</b>		<u>11,031</u>	<u>8,273</u>
<b>Total assets less current liabilities</b>		<u>11,031</u>	<u>8,273</u>
<b>Net assets</b>		<u>11,031</u>	<u>8,273</u>
<b>Capital and reserves</b>			
Called up share capital	6	850	850
Profit and loss account	7	10,181	7,423
<b>Total shareholders' funds</b>	8	<u>11,031</u>	<u>8,273</u>

The financial statements were approved and authorised for issue by the Board of Directors on 24 April 2015 and were signed on its behalf by:



**A D Le Poidevin**  
Director  
Company Number 02877397

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 2014

### 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 (2013: nil).

#### Auditors' remuneration

Auditors' remuneration totalling £10,000 (2013: £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 (2013: £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.

# Centrica Energy (Trading) Limited

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

### 2 Directors' and employee information

The Company has no employees (2013: nil). Costs attributed to employees seconded to the Company under the terms of the service level agreement with Centrica Energy Limited are £10,757,054 (2013: £8,784,000) 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 £579,083 (2013: £503,000). The aggregate value of company contributions paid to a pension scheme in respect of Directors' qualifying services were £32,420 (2013: £57,000).

There were two Directors (2013: two) to whom retirement benefits are accruing under defined benefit pension schemes. There was one Director (2013: one) to whom retirement benefits are accruing under money purchase pension schemes. There were four Directors (2013: 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 (2013: 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 £343,041 (2013: £222,000) and the Company contributed £1,345 (2013: £41,000) to their money purchase pension scheme. The highest paid Director in the previous year accrued retirement benefits under a defined benefit pension scheme, the accrued value at the balance sheet date was £64,000, this is not applicable for 2014, where the highest paid Director was not in the defined benefit pension scheme. In the current year the highest paid Director received shares in respect of qualifying services under a long-term incentive scheme (2013: nil) and did not exercise share options relating to the ultimate parent company (2013: 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

	2014 £'000	2013 £'000
<b>(a) Analysis of tax charge in the year</b>		
The tax charge comprises:		
<b>Current tax:</b>		
United Kingdom corporation tax at 21.5% (2013: 23.25%)	753	538
<b>Total current tax</b>	<u>753</u>	<u>538</u>

# Centrica Energy (Trading) Limited

## Notes to the financial statements for the year ended 31 December 2014 (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:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	3,511	2,326
Tax on profit on ordinary activities at standard UK corporation tax rate of 21.5% (2013: 23.25%)	755	541
Effects of:		
Group relief received for nil consideration	-	-
UK:UK transfer pricing adjustment	(2)	(2)
<b>Tax charge for the year</b>	<b><u>753</u></b>	<b><u>538</u></b>

No deferred tax arises on the Company's activities during the year (2013: nil).

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 under Finance Act 2013 and has been reflected within these financial statements.

# Centrica Energy (Trading) Limited

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

### 4 Debtors (amounts falling due within one year)

	2014 £'000	2013 £'000
Amounts owed by group undertakings	1,196	579
	<u>1,196</u>	<u>579</u>

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

### 5 Creditors (amounts falling due within one year)

	2014 £'000	2013 £'000
Amounts owed to group undertakings	(1,291)	(538)
	<u>(1,291)</u>	<u>(538)</u>

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

### 6 Called up share capital

	2014 £'000	2013 £'000
<b>Allotted and fully paid share capital</b>		
850,000 (2013: 850,000) ordinary shares of £1 each	850	850

### 7 Profit and loss account

	2014 £'000	2013 £'000
As at 1 January	7,423	5,634
Retained profit for the financial year (note 8)	2,758	1,789
As at 31 December	<u>10,181</u>	<u>7,423</u>

# Centrica Energy (Trading) Limited

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

### 8 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	<u>2,758</u>	<u>1,789</u>
Retained profit for the financial year	2,758	1,789
Shareholders' funds as at 1 January	8,273	6,484
Shareholders' funds as at 31 December	<u><u>11,031</u></u>	<u><u>8,273</u></u>

### 9 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](http://www.centrica.com).