

Registration number: 02877397

# Centrica Energy (Trading) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

TUESDAY



\*L5678YYZ\*

LD2

03/05/2016

#18

COMPANIES HOUSE

# Centrica Energy (Trading) Limited

## Contents

Strategic Report	1
Directors' Report	2 to 3
Independent Auditors' Report	4 to 5
Income Statement	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 18

## Centrica Energy (Trading) Limited

### Strategic Report for the Year Ended 31 December 2015

The Directors present their Strategic Report of Centrica Energy (Trading) Limited ("the Company") for the year ended 31 December 2015.

#### 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 Company's transition date to FRS 101 was 1 January 2014 and comparatives have been restated accordingly. For details of the transition to FRS 101 and the effect of the change on the Company's financial position, see note 2 and 17.

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 is to carry on providing these agency and arranging services for the foreseeable future.

The financial position of the Company is set out on page 8. The net assets for the financial year ended 31 December 2015 is £9.88m (2014: £11.03m). The financial performance of the Company is set out in the Directors' Report on page 2.

#### 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 (KPIs)

The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The financial and non-financial performance indicators, which include the Company, are discussed on pages 20 and 21 of the Annual Report and Accounts 2015 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.

Approved by the Board on 22 April 2016 and signed on its behalf by:

 (MICHAEL DIX)

Centrica Secretaries Limited  
Company secretary

Company registered in England and Wales, No. 02877397

Registered office:  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD  
England and Wales

## **Centrica Energy (Trading) Limited**

### **Directors' Report for the Year Ended 31 December 2015**

The Directors present their report and the audited Financial Statements for the year ended 31 December 2015.

#### **Directors of the Company**

The Directors who held office during the year were as follows:

Mr V M Hanafin

Mr A D Le Poidevin

Mr A Netemeyer (resigned 31 December 2015)

Mr C J Stern

Mr S C Dee (appointed 9 December 2015)

Mr C Mangerah (appointed 9 December 2015)

The following director was appointed after the year end:

Mr J D Westby (appointed 11 March 2016)

#### **Results and dividends**

The results of the Company are set out on page 6. The profit for the financial year ended 31 December 2015 is £2.85m (2014: profit £2.76m). The company paid an interim dividend during the year of £4.0m to the company's immediate parent undertaking, Centrica Energy Limited (2014: Nil). The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2015 (2014: Nil).

#### **Principal risks and uncertainties**

The principal risks and uncertainties of the Company are set out in the Strategic Report on page 1.

#### **Directors 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.

#### **Future developments**

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

#### **Going concern**

The Financial Statements have been prepared on a going concern basis.

## Centrica Energy (Trading) Limited

### Directors' Report for the Year Ended 31 December 2015 (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.

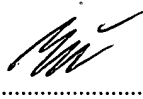
#### Disclosure of information to the auditors

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

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board on 22 April 2016 and signed on its behalf by:

 (MICHAEL DIX)

Centrica Secretaries Limited  
Company secretary

Company registered in England and Wales, No. 02877397

Registered office:  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD  
England and Wales

## **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 2015 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 Statement of Financial Position as at 31 December 2015;
- the Income Statement for the Year Ended 31 December 2015;
- the Statement of Comprehensive Income for the Year Ended 31 December 2015;
- the Statement of Changes in Equity for the Year Ended 31 December 2015; and
- the Notes to the Financial Statements for the Year Ended 31 December 2015, 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.

##### **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 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 Energy (Trading) Limited

### Independent auditors' report to the members of Centrica Energy (Trading) 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 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 parent 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 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  
22 April 2016

## Centrica Energy (Trading) Limited

### Income Statement for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Revenue	3	39,185	38,524
Cost of sales		<u>(35,622)</u>	<u>(35,022)</u>
Gross profit		<u>3,563</u>	<u>3,502</u>
<b>Operating profit</b>		<b>3,563</b>	<b>3,502</b>
Finance income	6	<u>9</u>	<u>9</u>
<b>Profit before income tax</b>		<b>3,572</b>	<b>3,511</b>
Income tax expense	9	<u>(721)</u>	<u>(753)</u>
<b>Profit for the financial year</b>		<b><u>2,851</u></b>	<b><u>2,758</u></b>

The notes on pages 10 to 18 form an integral part of these financial statements.



## Centrica Energy (Trading) Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Profit for the financial year		<u>2,851</u>	<u>2,758</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>2,851</u></u>	<u><u>2,758</u></u>

The notes on pages 10 to 18 form an integral part of these financial statements.

## Centrica Energy (Trading) Limited

### Statement of Financial Position as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
<b>Current assets</b>			
Trade and other receivables	10	-	1,196
Cash and cash equivalents		<u>18,036</u>	<u>11,126</u>
<b>Total assets</b>		<u><b>18,036</b></u>	<u><b>12,322</b></u>
<b>Current liabilities</b>			
Trade and other payables	11	<u>(8,154)</u>	<u>(1,291)</u>
<b>Total liabilities</b>		<u><b>(8,154)</b></u>	<u><b>(1,291)</b></u>
<b>Net assets</b>		<u><b>9,882</b></u>	<u><b>11,031</b></u>
<b>Equity</b>			
Called up share capital	12	850	850
Retained earnings		<u>9,032</u>	<u>10,181</u>
<b>Total equity</b>		<u><b>9,882</b></u>	<u><b>11,031</b></u>

The financial statements on pages 6 to 18 were approved and authorised for issue by the Board of Directors on 22 April 2016 and signed on its behalf by:

  
.....

Mr S C Dee

Director

Company number 02877397

The notes on pages 10 to 18 form an integral part of these financial statements.

**Centrica Energy (Trading) Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2015**

	<b>Share capital £ 000</b>	<b>Other reserves £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2015	850	-	10,181	11,031
Profit for the financial year	-	-	2,851	2,851
<b>Total comprehensive income</b>	<b>850</b>	<b>-</b>	<b>13,032</b>	<b>13,882</b>
Dividends	-	-	(4,000)	(4,000)
<b>At 31 December 2015</b>	<b>850</b>	<b>-</b>	<b>9,032</b>	<b>9,882</b>
	<b>Share capital £ 000</b>	<b>Other reserves £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2014	850	-	7,423	8,273
Profit for the financial year	-	-	2,758	2,758
<b>Total comprehensive income</b>	<b>850</b>	<b>-</b>	<b>10,181</b>	<b>11,031</b>
<b>At 31 December 2014</b>	<b>850</b>	<b>-</b>	<b>10,181</b>	<b>11,031</b>

The notes on pages 10 to 18 form an integral part of these financial statements.

# Centrica Energy (Trading) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2015

### 1 General information

Centrica Energy (Trading) Limited (the 'Company') is a company limited by share capital incorporated and domiciled in UK.

The address of its registered office and principle place of business is:

Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD  
England and Wales

These Financial Statements were authorised for issue by the Board on 22 April 2016.

### 2 Accounting policies

#### Basis of preparation

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

#### Summary of disclosure exemptions

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has effected the reported financial position, financial performance and cash flows of the Company is provided in note 17.

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;
- Comparative period reconciliations for share capital;
- Disclosures in respect of related party transactions with wholly-owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel;
- The effects of new but not yet effective IFRSs.

Note that the Company has early adopted the following amendments to FRS 101 (effective for periods beginning on or after 1 January 2016) in these financial statements:

- Presentation of IAS format financial statements;
- Exemption from the presentation of a third balance sheet (being the opening balance sheet of the Company at the date of application of FRS 101).

## **Centrica Energy (Trading) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

#### **2 Accounting policies (continued)**

These financial statements are presented in pound sterling (with all values rounded to the nearest thousand except where 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 2015 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.

#### **Revenue recognition**

Revenue, 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 revenue 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 4. The Company has no employees (2014: nil)

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### **Taxation**

The tax expense for the period comprises UK Corporation tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

#### **Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they 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. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

## Centrica Energy (Trading) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (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.

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2015 £ 000	2014 £ 000
Rendering of services	39,185	38,524
<b>Revenue</b>	<b>39,185</b>	<b>38,524</b>

#### 4 Analysis of costs by nature

The analysis of the company's cost of sales for the year from continuing operations is as follows:

	2015 £ 000	2014 £ 000
Costs attributable to rendering of services	(35,622)	(35,022)
<b>Cost of Sales</b>	<b>(35,622)</b>	<b>(35,022)</b>

#### 5 Employees' costs

In respect of the Directors' remuneration, refer to note 7 'Director's Remuneration'.

The average number of persons employed by the company (including directors) during the year, analysed by category was nil (2014: nil). Costs attributed to employees seconded to the Company under the terms of the service level agreement with Centrica Energy Limited for 2015 are £13,721,236 (2014: £12,169,278) and are included within a management charge. The remuneration of those employees is included within the financial statements of Centrica Energy Limited.

#### 6 Net finance income/cost

	2015 £ 000	2014 £ 000
Interest income on bank and other short-term deposits	9	9

## Centrica Energy (Trading) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 6 Net finance income/cost (continued)

Net finance income/cost	<u>9</u>	<u>9</u>
-------------------------	----------	----------

#### 7 Directors' remuneration

The aggregate emoluments paid to directors in respect of their qualifying services were £683,068 (2014: £685,219\*).

The aggregate value of company contributions paid to a pension scheme in respect of directors qualifying services were £31,907 (2014: £32,420). There were 3 directors (2014: 2) to whom retirements benefits are accruing under defined benefit pension schemes. There were 2 directors (2014: 1) to whom retirement benefits are accruing under money purchase pension schemes.

There were 6 directors (2014: 4) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme. There were 2 directors (2014: 2) who exercised share options relating to the ultimate parent company.

In respect of the highest paid director:

	2015 £ 000	2014 £ 000
Remuneration**	349	347
Company contributions to money purchase pension schemes	1	1

In the current year the highest paid director received shares in respect of qualifying services under a long-term incentive scheme.

\*The prior year figures for aggregate emoluments paid to directors have been amended since the 2014 statutory accounts were finalised. The prior year emoluments have changed from an original amount of £579,083 to a restated balance of £685,219. This was due to the omission of certain payments and allowances owed to directors.

\*\*The prior year figures for remuneration of the highest paid director have been amended since the 2014 statutory accounts were finalised. The prior year remuneration figure has changed from an original amount of £343,041 to a restated balance of £347,075. This was due to the omission of allowances owed to the highest paid director.

#### 8 Auditors' remuneration

Auditors' remuneration totalling £25,000 (2014: £25,000) relates to fees for the audit of the FRS 101 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 £25,000 (2014: £25,000) is borne by the immediate parent, Centrica Energy Limited, and is not recharged.

## Centrica Energy (Trading) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 9 Income tax

Tax charged in the income statement

	2015 £ 000	2014 £ 000
<b>Current taxation</b>		
UK corporation tax at 20.25% (2014: 21.5%)	<u>721</u>	<u>753</u>

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax rate to the profit before tax are reconciled below:

	2015 £ 000	2014 £ 000
Profit before tax at 20.25% (2014: 21.5%)	<u>3,572</u>	<u>3,511</u>
Tax expense at standard UK rate	723	755
<i>Effects of:</i>		
Increase (decrease) from transfer pricing adjustments	<u>(2)</u>	<u>(2)</u>
Total income tax expense	<u>721</u>	<u>753</u>

No deferred tax arises on the Company's activities during the year (2014: nil).

The main rate of corporation tax was reduced to 20% from 1 April 2015. Further reductions were enacted by Finance (No.2) Act 2015 to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These enacted reduced rates of corporation tax have been reflected within these financial statements. The Chancellor of the Exchequer has announced a further reduction in the rate, to 17% from 1 April 2020, which is expected to be substantively enacted as part of the Summer Finance Bill 2016 and is therefore not reflected in these financial statements. As such, the previously enacted rate of 18% from 1 April 2020 will not come into effect. The impact of the reduction in the corporate tax rate to 17% on the financial statements expected to be immaterial.

#### 10 Trade and other receivables

	2015		2014	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>1,196</u>	<u>-</u>

Amounts owed by group undertakings are interest-free. All amounts owed by group undertakings are unsecured and repayable on demand.



## Centrica Energy (Trading) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 11 Trade and other payables

	2015		2014	
	Current £ 000	Non-current £ 000	Current £ 000	Non-current £ 000
Amounts owed to group undertakings	<u>8,154</u>	<u>-</u>	<u>1,291</u>	<u>-</u>

Amounts owed to group undertakings are interest-free. All amounts owed to group undertakings are unsecured and repayable on demand.

#### 12 Capital and reserves

##### Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Allotted and fully paid share capital of £1 each	<u>850</u>	<u>850</u>	<u>850</u>	<u>850</u>

##### Other share instruments issued

All Ordinary shares issued are classified as 'equity instruments' in accordance with IAS 32 'Financial instruments: presentation'.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### 13 Dividends paid and proposed

	2015 £ 000	2014 £ 000
<i>Declared and paid during the year</i>		
Final dividend of £Nil (2014 - £Nil) per ordinary share	-	-
Interim dividend of £4.71 (2014 - £Nil) per ordinary share	<u>4,000</u>	<u>-</u>
	<u>4,000</u>	<u>-</u>

##### *Proposed for approval by shareholders at the AGM*

During the year ended 31 December 2015, Centrica Energy Trading Limited paid an interim dividend of £4.71 per ordinary share (2014 - £Nil), totalling £4,000,000. The directors are proposing a final dividend for 2015 of £Nil (2014 - £Nil) per share totalling £Nil (2014 - £Nil).

## Centrica Energy (Trading) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 14 Fair value of financial instruments

##### Fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group has documented internal policies for determining fair value, including methodologies used to establish valuation adjustments required for credit risk.

The fair value of the Company's financial instruments, together with the carrying amounts included in the balance sheet are analysed below. For all balances, the fair value is approximately equal to the carrying value.

	2015	2014
	Carrying value/ Fair value	Carrying value/ Fair value
	£m	£m
Loans and receivables:		
Trade debtors	-	1,196
Cash and cash equivalents	18,036	11,126
<b>Total financial assets</b>	<b>18,036</b>	<b>12,322</b>
Financial liabilities measured at amortised cost:		
Amounts owed to group undertakings	(8,154)	(1,291)
<b>Total financial liabilities</b>	<b>(8,154)</b>	<b>(1,291)</b>

**Centrica Energy (Trading) Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

**14 Fair value of financial instruments (continued)**

**Financial assets and liabilities subject to offsetting, master netting arrangements and similar arrangements**

	Gross amounts of financial instruments recognised in the Company Balance Sheet		Net amounts presented in the Company Balance Sheet	Related amounts not offset in the Company Balance Sheet (i)		Net amount
	Gross amounts of financial instruments	Gross amounts of financial instruments offset in the Company Balance Sheet		Financial instruments	Collateral	
	£000	£000	£000	£000	£000	£000
<b>31 December 2015</b>						
Cash and cash equivalents	18,036	-	18,036	-	-	18,036
Trade debtors	-	-	-	-	-	-
<b>Total financial assets</b>	<b>18,036</b>	<b>-</b>	<b>18,036</b>	<b>-</b>	<b>-</b>	<b>18,036</b>
Amounts owed to group undertakings	(8,154)	-	(8,154)	-	-	(8,154)
<b>Total financial liabilities</b>	<b>(8,154)</b>	<b>-</b>	<b>(8,154)</b>	<b>-</b>	<b>-</b>	<b>(8,154)</b>

	Gross amounts of financial instruments recognised in the Company Balance Sheet		Net amounts presented in the Company Balance Sheet	Related amounts not offset in the Company Balance Sheet (i)		Net amount
	Gross amounts of financial instruments	Gross amounts of financial instruments offset in the Company Balance Sheet		Financial instruments	Collateral	
	£000	£000	£000	£000	£000	£000
<b>31 December 2014</b>						
Cash and cash equivalents	11,126	-	11,126	-	-	11,126
Trade debtors	1,196	-	1,196	-	-	1,196
<b>Total financial assets</b>	<b>12,322</b>	<b>-</b>	<b>12,322</b>	<b>-</b>	<b>-</b>	<b>12,322</b>
Amounts owed to group undertakings	(1,291)	-	(1,291)	-	-	(1,291)
<b>Total financial liabilities</b>	<b>(1,291)</b>	<b>-</b>	<b>(1,291)</b>	<b>-</b>	<b>-</b>	<b>(1,291)</b>

## **Centrica Energy (Trading) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

#### **15 Financial risk management and impairment of financial assets**

##### **Credit risk and impairment**

The Company held cash balances throughout the year, these balances are subject to potential credit risk. This risk is managed by ensuring that cash is held in a reliable bank with an investment grade credit rating. The Company currently uses Barclays Bank plc.

##### **Going concern and liquidity risk**

Liquidity risk is the risk that the Company is unable to fulfil its financial obligations as they fall due. To mitigate this risk the company holds sufficient cash on deposit to meet their short term obligations (less than one year). The directors also regularly review the assumption that the company can continue to operate as a going concern.

##### **Capital risk management**

##### **Externally imposed capital requirements**

Centrica Energy (Trading) Limited is required to provide a quarterly submission on Capital adequacy to the Financial Conduct Authority (FCA). It is required to meet a level of capital that meets or exceeds one quarter of the relevant annual expenditure specified by the FCA. Relevant annual expenditure is calculated as (Revenue - Profit before tax - Bonuses). CETL exceeded the requirement consistently for the four FCA submissions that were made throughout the year by having cash deposits at bank, that were higher than the capital requirement. The Company manages its capital requirement risk via assessing each quarter ahead in order to ensure it has sufficient capital to meet its requirements.

#### **16 Parent and ultimate parent undertaking**

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

The ultimate parent 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 statements. Copies of the Centrica Plc consolidated financial statements may be obtained from [www.centrica.com](http://www.centrica.com).

#### **17 Transition to FRS 101**

As stated in the 'basis of preparation' note, these are the Company's first Financial Statements prepared in accordance with FRS 101. The accounting policies set out in the policies note have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the 'Company's date of transition').

In preparing its FRS 101 balance sheet, the Company has not been required to adjust any amounts reported previously in its financial statements prepared in accordance with its old basis of accounting (UK GAAP).