Registered No: SC436640

Centrica Finance (Scotland) Limited

Annual Report and Financial Statements
For the year ended 31 December 2020

Centrica Finance (Scotland) Limited

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The Directors present the Strategic Report for Centrica Finance (Scotland) Limited ('the Company') for the year ended 31 December 2020.

Principal activities
The Company is general partner to the limited partnerships and a designated member of the limited liability partnerships that are part of the Centrica plc Group's ('the Group') Asset Backed Contribution ('ABC') structure. This structure allowed the Group to significantly increase funding to the Group's pension schemes, secured on Group assets.

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

The ABC structure provides funding to the Group's pension schemes for defined periods of up to 15 years.

Principal risks and uncertainties
The management of the business and the execution of the Company's strategy are subject to limited risks. The key activities are contracted for and certain. The principal risks and uncertainties for the Group, which include those of the Company, are discussed on pages 34 to 42 of the Group's 2020 Annual Report and Accounts which does not form part of this report.

Exit from the European Union
The UK and the European Union agreed a new trade deal which came into effect on the 31 December 2020 at 23:00 GMT. The UK's exit from the European Union has added to the risks and uncertainties faced by the Company. However, it is considered that the direct impact of these uncertainties on the Company is limited in the short-term. Extricating from the European Union treaties is a task of immense complexity but the Company is well-positioned to manage the possible market impacts. There are also potential tax consequences of the withdrawal and these will continue to be reassessed at each reporting date to ensure the tax provisions reflect the most likely outcome following the withdrawal.

Key performance indicators ('KPIs')
Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the Company are net assets and profit after tax. The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 12-13 of the Group's Annual Report and Accounts 2020, which does not form part of this report.

Future developments
On 11 June 2020, Centrica announced plans for a significant restructure designed to create a simpler, leaner group focused on improved service delivery for customers. The restructure is on track with a reduction in Group direct headcount by over 3,000 in 2020 and another 1,000 role reductions expected to take place in 2021. The restructure will benefit the longer term value of the business, future operating profits and maintenance of a strong capital position of the Group. The Company would not expect to be materially impacted by the restructure.

Approved by the Board on 19 May 2021 and signed on its behalf by:

Samantha Hood

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

Company registered in Scotland, Registered Number SC436640

Registered office:
1 Waterfront Avenue
Edinburgh
Scotland
EH5 1SG
United Kingdom

The Directors present their report and the audited financial statements of Centrica Finance (Scotland) Limited for the year ended 31 December 2020.

Directors of the Company
The Directors who held office during the year and up to the date of signing of the financial statements were as follows:

M Blake
K Ringrose

Results and dividends
The results of the Company are set out on page 7. The profit for the financial year ended 31 December 2020 is £6,291,000 (2019: loss of £356,000).

The Company did not pay an interim dividend during the year to its immediate parent undertaking (2019: £nil). The Directors do not recommend the payment of a final dividend.

Future developments
Future developments are discussed in the Strategic Report. Refer to page 1.

Going concern
The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Group expects ongoing impacts from COVID-19 in 2021 and 2022, including lower energy demand and incremental bad debt costs as the economy recovers from the pandemic. The Group has substantial liquidity available to mitigate these adverse impacts with undrawn committed facilities as at 31 December 2020 of £3.6 billion before the receipt of proceeds of $3.625 billion on 5 January 2021 from the sale of Direct Energy to NRG Energy. The Group going concern assessment as at 31 December 2020 included various sensitivities including the impact of a 30% decline in commodity prices, a credit rating downgrade and external risks of COVID-19 including lower demand for products, lower energy consumption and higher bad debt costs, as well as certain mitigating actions to maintain liquidity. The Centrica plc Board remains committed to maintaining a strong balance sheet. After Centrica's preliminary results announcement in February neither credit rating agency changed their rating with S&P affirming a BBB (negative) credit rating on 26 February and Moody's note on the same date also leaving the Baa2 (negative) rating unchanged.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

Non-adjusting events after the financial period
There are no non-adjusting significant events affecting the Company after the year end.

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.

Financial risk management policy
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.

Statement of Directors' Responsibilities in respect of the financial statements

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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 that 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. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

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

Approved by the Board on 19 May 2021 and signed on its behalf by:

Samantha Hood

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

Company registered in Scotland, Registered Number SC436640

Registered office:
1 Waterfront Avenue
Edinburgh
Scotland
EH5 1SG
United Kingdom

Centrica Finance (Scotland) Limited

Independent Auditor's Report to the Members of Centrica Finance (Scotland) Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Centrica Finance (Scotland) Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice.)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the documentation of the policies and procedures relating to fraud and compliance with laws and regulations that has been established by the Company's ultimate parent. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James A. Leigh

....

James Leigh (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London
United Kingdom

Date: ...19 May 2021.........

Income Statement for the year ended 31 December 2020

	Note	2020	2019
		£000	**£000**
Income from Partnership undertakings	4	20	27
Profit before taxation		20	27
Income Tax	6	6,271	(383)
Profit/(loss) for the financial year		6,291	(356)

The results stated above are all derived from continuing operations.

There is no other comprehensive income for the year ended 31 December 2020 or for the prior year ended 31 December 2019.

Statement of Financial Position as at 31 December 2020

	Note	2020	2019
		£000	£000
Non-current assets			
Investments	7	115,881	115,881
Deferred tax asset	6	27,888	21,613
		143,769	137,494
Current assets			
Amounts owed by Group undertakings	8	179	159
Cash and cash equivalents		1	1
		180	160
Total assets		143,949	137,654
Current liabilities			
Trade and other payables	9	(74,422)	(74,418)
Net current liabilities		(74,242)	(74,258)
Total assets less current liabilities		69,527	63,236
Non-current liabilities		-	-
Total liabilities		(74,422)	(74,418)
Net assets		69,527	63,236
Equity			
Called up share capital	10	-	-
Retained earnings		69,527	63,236
Total equity		69,527	63,236

The financial statements on pages 7 to 15 were approved and authorised for issue by the Board of Directors on......19 May 2021..................
and were signed on its behalf by:

M Blake
Director

Company Number SC436640

The notes on pages 10 to 15 form part of these financial statements.

Centrica Finance (Scotland) Limited

Statement of Changes in Equity as at 31 December 2020

	Called up share capital £000	Retained Earnings £000	Total Equity £000
At 1 January 2019	-	63,592	63,592
Loss for the financial year and total comprehensive expense	-	(356)	(356)
At 31 December 2019	-	63,236	63,236
At 1 January 2020	-	63,236	63,236
Profit for the financial year and total comprehensive income	-	6,291	6,291
At 31 December 2020	-	**69,527**	**69,527**

The notes on pages 10 to 15 form part of these financial statements.

1. General information

Centrica Finance (Scotland) Limited (the 'Company') is a private company limited by shares incorporated and domiciled in the United Kingdom and registered in Scotland.

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

1 Waterfront Avenue
Edinburgh
Scotland
EH5 1SG

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

2. Accounting policies and critical judgements

Basis of preparation

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly-owned subsidiary of Centrica plc. These financial statements present information about the Company as an individual undertaking and not about its Group, and have been prepared on a going concern basis, as described in the Directors' Report.

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 Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Changes in accounting policy

From 1 January 2020, the following standards and amendments are effective in the Company's Financial Statements:

- Amendments to IFRS3: 'Business combinations';
- Amendments to IAS 1: 'Presentation of financial statements' and IAS 8: 'Accounting policies, changes in accounting estimates and errors' and
- Conceptual Framework for Financial Reporting 2018.

None of these changes or amendments had any material impact on the Company's financial statements.

Summary of disclosure exemptions

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

- the requirements of IAS 7 'Statement of Cash Flows';
- the effects of new but not yet effective IFRSs;
- the prior year reconciliations in the number of shares outstanding at the beginning and at the end of the year for share capital;
- disclosures in respect of related party transactions with wholly-owned subsidiaries in a group;
- disclosures in respect of the compensation of key management personnel; and
- disclosures in respect of capital management.

As the consolidated Financial Statements of Centrica plc include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosure:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments Disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

Measurement convention

These financial statements are presented in pounds sterling (with all values rounded to the nearest thousand pounds ('£000') except when otherwise indicated), which is also the functional currency of the Company.

The financial statements are prepared on the historical cost basis.

Exemption from preparing group accounts

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate controlling company, Centrica plc.

2. Accounting policies and critical judgements (continued)

Going concern

The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Group expects ongoing impacts from COVID-19 in 2021 and 2022, including lower energy demand and incremental bad debt costs as the economy recovers from the pandemic. The Group has substantial liquidity available to mitigate these adverse impacts with undrawn committed facilities as at 31 December 2020 of £3.6 billion before the receipt of proceeds of $3.625 billion on 5 January 2021 from the sale of Direct Energy to NRG Energy. The Group going concern assessment as at 31 December 2020 included various sensitivities including the impact of a 30% decline in commodity prices, a credit rating downgrade and external risks of COVID-19 including lower demand for products, lower energy consumption and higher bad debt costs, as well as certain mitigating actions to maintain liquidity. The Centrica plc Board remains committed to maintaining a strong balance sheet. After Centrica's preliminary results announcement in February neither credit rating agency changed their rating with S&P affirming a BBB (negative) credit rating on 26 February and Moody's note on the same date also leaving the Baa2 (negative) rating unchanged.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

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.

The Company does not have any critical accounting judgements or other sources of estimation uncertainty that gives rise to a significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year.

Investments in partnership undertakings

Fixed assets investments in partnership undertakings are held at cost in accordance with IAS 27 Consolidated and Separate Financial Statements, less any provision for impairment as necessary.

The Company provides for impairments of financial assets when there is objective evidence of impairment as a result of events that impact the estimated future cash flows of the financial assets. The Company does not deem its investments in partnership undertakings to be impaired and supports this judgement through its impairment review process.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

(a) Loans and other borrowings

All interest-bearing and interest-free loans and other borrowings are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, these financial instruments are measured at amortised cost using the effective interest method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

(b) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

(c) 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.

(d) 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.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2. Accounting policies and critical judgements (continued)

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. Tax is recognised in the income statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the balance sheet date.

Critical judgements in applying the Company's accounting policies
The Directors have not made any critical judgements in the process of applying the Company's accounting policies.

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

The Company had no employees during the year (2019: none).

4. Income from Partnership undertakings

	2020	2019
	£000	£000
Income from Partnership undertakings	20	27

In 2020 the Company received investment income of £20,000 (2019: £26,990).

5. Auditors' remuneration

Auditors' remuneration totalling £5,150 (2019: £5,000) relates to fees for the audit of the statutory financial statements of the Company, which is borne by Centrica plc.

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

6. Income Tax

	2020 £000	2019 £000
Current tax		
UK corporation tax at 19.00% (2019: 19.00%)	-	3,595
Adjustment in respect of prior years	4	(4)
Total current tax	4	3,591
Deferred tax		
Current year	(3,724)	(3,589)
Adjustment in respect of previous period	(7)	3
Changes in tax rates	(2,544)	378
Total deferred tax	(6,275)	(3,208)
Total tax on profit	(6,271)	383

The main rate of corporation tax for the year was 19% (2019: 19%). The UK corporation tax rate was scheduled to reduce to 17% from 1 April 2020 but the Government halted the reduction, to maintain the rate at 19%. As a result, the deferred tax position was rebased during the year to 19% accordingly. Subsequent to this, the budget on 3 March 2021 announced that the rate of corporation tax will increase to 25% from 1 April 2023. When this rate is enacted in the Finance Bill 2021, the impact on the deferred tax balances will be to increase the asset position by £8,806,654.

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation are as follows:

	2020 £000	2019 £000
Profit before taxation	20	27
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	4	5
Effects of:		
Tax rate changes	(2,544)	378
Group relief	(3,727)	-
Prior year adjustments	(3)	-
Transfer pricing adjustments	(1)	-
Total current tax	(6,271)	383

The movements in respect of the deferred income tax assets and liabilities that occurred during the financial year are as follows:

	2020 £000	2019 £000
On 1 January	21,613	18,405
Adjustment in respect of prior years	7	(3)
Deferred tax credit to the Income Statement	6,268	3,211
As at 31 December	27,888	21,613

7. Investments

Investment cost in partnership undertakings

	2020	2019
Cost and net book value	**£000**	**£000**
At 1 January	115,881	115,881
At 31 December	115,881	115,881

The Directors believe that the book value of investments at 31 December 2020 is supported by the value of the underlying assets. Investments in partnership undertakings represent the Company's interests in the following:

Partnership undertaking	Proportion of ownership interest	Country of incorporation	Registered office	Principal activity
Finance Scotland CEPS Limited Partnership; and Finance Scotland CPP Limited Partnership.	21.5% 40.7%	Scotland	1 Waterfront Avenue Edinburgh Scotland EH5 1SG	Group financing

The results of all undertakings are reported in the consolidated financial statements of Centrica plc.

8 Amounts owed by Group undertakings

	2020	2019
	£000	**£000**
Amounts owed by Group undertakings	179	159

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

9. Trade and other payables

	2020	2019
	£000	**£000**
Amounts owed to Group undertakings	74,422	74,418
Other payables	-	-
	74,422	74,418

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

10. Called up share capital

	2020
	£000
Authorised, issued, allotted and fully paid:	
At 1 January and 31 December, 1 ordinary share of £1	-

11. Parent and ultimate parent undertaking

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

The ultimate parent undertaking and controlling party is Centrica plc, a company registered in England and Wales at Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD, 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.

The registered address of Centrica plc is:

Millstream,
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