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**NATIONAL GRID LAND AND PROPERTIES LIMITED**

**DIRECTORS' REPORT**

**AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

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# **NATIONAL GRID LAND AND PROPERTIES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2010**

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2010

#### **PRINCIPAL ACTIVITY**

The Company's principal activities are the acquisition, development, management and disposal of land and property and the principal activity during the year was the management of land and property

#### **DEVELOPMENT AND PERFORMANCE DURING THE YEAR**

The property portfolio consists of land and buildings occupied by other National Grid subsidiary companies or leased to third parties, and surplus properties and land. Results, as detailed below, depend on profits from property rentals less taxation. The Directors expect the current level of activity to continue for the foreseeable future.

As the Company is part of a larger group, the management of the Company does not involve the use of key performance indicators, other than profit or loss for the year, in measuring the development, performance or the position of the Company and the principal risks and uncertainties are integrated with the principal risks of National Grid plc. For information on the development, performance, risks, uncertainties and position of National Grid plc and its subsidiaries ('National Grid'), and of the key performance indicators used, refer to the Operating and Financial Review included in National Grid plc's Annual Report and Accounts 2009/10, which does not form part of this report.

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation was £242,000 (2009 £655,000)

The Directors do not recommend payment of a dividend (2009 £nil)

#### **FINANCIAL POSITION**

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 March 2010 were £46,448,000 (2009 £46,206,000) comprising fixed assets of £1,881,000 (2009 £1,773,000), net current assets of £45,561,000 (2009 £45,845,000) less provisions for liabilities and charges of £994,000 (2009 £1,412,000)

#### **FINANCIAL RISK MANAGEMENT**

The management of the Company and the execution of the Company's strategy are subject to a number of risks. The Directors have identified the need to manage the Company's material financial risks, including liquidity, interest rate and credit risks. These risks are monitored through a National Grid Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for the National Grid plc and its subsidiaries.

Treasury also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

# **NATIONAL GRID LAND AND PROPERTIES LIMITED**

## **DIRECTORS' REPORT (continued)**

### **FOR THE YEAR ENDED 31 MARCH 2010**

#### **FINANCIAL RISK MANAGEMENT (continued)**

##### **LIQUIDITY RISK**

The Company finances its operations through a combination of retained profits, new share issues and inter company loans

##### **INTEREST RATE RISK**

To the extent that the Company enters into inter company loan agreements, the Company's exposure to interest risk arises on such loans on which interest is based upon sterling LIBOR. The Company does not participate in interest rate hedging.

##### **CREDIT RISK**

The management of the Company has agreed a policy for managing such risk, which is controlled through customer credit checks, credit limits, approvals and monitoring procedures. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

No material exposure is considered to exist in respect of inter company loans

##### **LAND AND BUILDINGS**

In the opinion of the Directors, the difference between the market value and the balance sheet value of land is not significant

##### **DIRECTORS**

The Directors of the Company during the year and up to the date of signing of the financial statements were

D S Carter

N K Dark

C M Shoesmith

##### **DIRECTORS' INDEMNITIES AND INSURANCE**

National Grid plc indemnifies officers of subsidiary companies against liabilities arising from the conduct of National Grid's business, to the extent permitted by law, by the placing of Directors' and Officers' insurance. The insurance indemnifies individual Directors' and Officers' personal legal liability and cost for claims arising out of actions taken in connection with the business of National Grid plc and its subsidiaries.

# **NATIONAL GRID LAND AND PROPERTIES LIMITED**

## **DIRECTORS' REPORT (continued)**

### **FOR THE YEAR ENDED 31 MARCH 2010**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the 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 elected to prepare 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 those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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.

#### **GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development and position, are set out within the Directors' Report. In addition, there are details of the Company's financial position and the risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group, it participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company is expected to continue to generate positive cash flows or be in a position to obtain finance via inter company loans to continue to operate for the foreseeable future.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**NATIONAL GRID LAND AND PROPERTIES LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2010**

**AUDIT INFORMATION**

Having made the requisite enquiries, so far as the Directors in office at the date of the signing of this report are aware, there is no relevant audit information of which the auditors are unaware, and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

**ON BEHALF OF THE BOARD**



**PL Higgins**  
Company Secretary  
9 June 2010

**REGISTERED OFFICE**

1-3 Strand  
London  
WC2N 5EH

Registered in England and Wales  
No 2630510

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF NATIONAL GRID LAND AND PROPERTIES LIMITED**

We have audited the financial statements of National Grid Land and Properties Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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.

#### **Scope of the audit of the financial statements**

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.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Simon Evans (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

9 June 2010

**NATIONAL GRID LAND AND PROPERTIES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEARS ENDED 31 MARCH**

	Notes	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
<b>Turnover</b>	3	<b>1,482</b>	1,520
Operating costs		<b>(1,141)</b>	(1,120)
<b>Operating profit</b>	4	<u><b>341</b></u>	<u>400</u>
<b>Profit on ordinary activities before taxation</b>		<u><b>341</b></u>	<u>400</u>
Tax on profit on ordinary activities	5	<b>(99)</b>	255
<b>Profit for the financial year transferred to reserves</b>	12	<u><b>242</b></u>	<u>655</u>

The results reported above relate to continuing activities

The Company has no recognised gains or losses other than the profit for the financial years stated above and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities before and after taxation for the financial years stated above and their historical cost equivalents

# NATIONAL GRID LAND AND PROPERTIES LIMITED

## BALANCE SHEET

AT 31 MARCH

	Notes	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	6	1,560	1,452
Investments	7	321	321
		<u>1,881</u>	<u>1,773</u>
<b>Current assets</b>			
Debtors	8	51,828	52,043
Cash at bank		6	100
		<u>51,834</u>	<u>52,143</u>
<b>Creditors: amounts falling due within one year</b>	9	(6,273)	(6,298)
<b>Net current assets</b>		<u>45,561</u>	<u>45,845</u>
<b>Total assets less current liabilities</b>		47,442	47,618
<b>Provisions for liabilities and charges</b>	10	(994)	(1,412)
<b>Net assets</b>		<u>46,448</u>	<u>46,206</u>
<b>Capital and reserves</b>			
Called up share capital	11	34,806	34,806
Profit and loss account	12	11,642	11,400
<b>Total shareholders' funds</b>	13	<u>46,448</u>	<u>46,206</u>

The financial statements on pages 6 to 16 were approved by the Board of Directors on 9 June 2010 and are signed on its behalf by



**NK Dark**  
Director



# **NATIONAL GRID LAND AND PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2010**

#### **1 Accounting policies**

##### **(a) Basis of preparation**

These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards and the Companies Act 2006. These financial statements have been prepared using the historical cost convention and in accordance with the consistently applied accounting policies set out below. There have been no changes to accounting policies during the year.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements, as it is a wholly owned subsidiary of National Grid Property Limited and is included within the consolidated accounts of National Grid Holdings One plc.

The Company has taken the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'. Further, in accordance with exemptions under FRS 29 'Financial Instruments Disclosures', the Company has not presented the financial instruments disclosures required by the standard, as disclosures that comply with the standard are included in the consolidated financial statements of National Grid plc.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

##### **(b) Investments**

Investments held as fixed assets are stated at cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

##### **(c) Tangible assets and depreciation**

Tangible fixed assets are included in the balance sheet at their cost less accumulated depreciation. Cost includes payroll and finance costs incurred which are directly attributable to the construction of tangible fixed assets.

**NATIONAL GRID LAND AND PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1 Accounting policies (continued)**

**(c) Tangible assets and depreciation (continued)**

**Depreciation**

Freehold land is not depreciated. Other tangible fixed assets will be depreciated on a straight-line basis at rates sufficient to write off the historical cost of individual assets over their estimated useful lives, except where no depreciation would be charged because residual value of certain properties exceeds carrying value. The depreciation periods for the principal categories of assets are as follows:

Freehold and leasehold buildings	up to 50 years
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**Impairment of tangible fixed assets**

Impairment reviews are carried out if there is some indication that an impairment may have occurred, or, where otherwise required, to ensure that fixed assets are not carried above their estimated recoverable amounts. Impairments are recognised in the profit and loss account and, where material, are disclosed as exceptional.

**(d) Taxation**

Current tax for the current and prior periods is provided at the amount expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**(e) Financial instruments**

Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and is recorded at the proceeds received, net of direct issue costs, with an amount equal to the nominal amount of the shares issued included in the share capital account and the balance recorded in the share premium account.

**NATIONAL GRID LAND AND PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1 Accounting policies (continued)**

**(e) Financial instruments (continued)**

Loans receivable are carried at amortised cost using the effective interest rate method less any allowance for estimated impairments. A provision is established for impairments where there is objective evidence that the Company will not be able to collect all the amounts due under the original terms of the loan. Interest income, together with the losses when the loans are impaired is recognised on an effective interest basis in the profit and loss account.

Borrowings, which included interest-bearing loans and overdrafts, are recorded at their initial fair value which normally reflects proceeds received, net of direct issue costs, plus accrued interest, less any repayments. Subsequently these are stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised over the term of the borrowing in the profit and loss account using the effective interest method.

**(f) Property onerous lease costs**

A provision for onerous lease costs is recognised where the expected benefits to be derived from property leases are less than the unavoidable costs, primarily rent, rates and maintenance of meeting the lease obligations. The present value of future payments under non-cancellable operating leases, net of estimated sublet income, is provided as a liability.

**(g) Turnover**

Turnover consists of rent and associated property income from tenants, derived from property situated in the United Kingdom and is stated net of value added tax.

**(h) Leases**

Income from operating leases is recognised on a straight-line basis over the life of the lease and rentals under operating leases are charged to the profit and loss account as incurred, except where a provision has been made in respect of rents payable on vacant leasehold properties in which case the income and costs are charged against the provision. Assets held by the Company for letting under operating leases are shown under fixed assets.

**NATIONAL GRID LAND AND PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**2 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 National Grid subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements. During the year there were no Directors (2009: none) who exercised share options in the ordinary shares of the ultimate parent company, National Grid plc.

There were no employees of the Company during the year (2009: none)

**3 Turnover**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Rental income	<b>1,305</b>	1,286
Service charge income	<b>177</b>	200
Other Income	<b>-</b>	34
	<b><u>1,482</u></b>	<b><u>1,520</u></b>

**4 Operating profit**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	<b>22</b>	15
Operating lease rentals	<b>1,220</b>	1,152
Audit fees	<b><u>8</u></b>	<b><u>8</u></b>

Disclosure of non-audit fees is not required as these have been disclosed in the consolidated financial statements of National Grid plc

**NATIONAL GRID LAND AND PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**5 Tax on profit on ordinary activities**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
UK Corporation tax	83	24
Adjustments relating to prior periods	<u>(5)</u>	<u>(68)</u>
Total current tax	78	(44)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	20	26
Adjustments in respect of prior periods	<u>1</u>	<u>(237)</u>
Total deferred tax	21	(211)
<b>Total tax charge/(credit) on profit on ordinary activities</b>	<u><u>99</u></u>	<u><u>(255)</u></u>

The tax assessed is lower than the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	341	400
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 28% (2009 28%)	95	112
Effect of		
Expenses not deductible for tax purposes	8	5
Non-taxable income	-	(4)
Taxation on transfer pricing adjustments	-	(62)
Capital allowances for period in excess of depreciation	(20)	(27)
Adjustments in respect of prior periods	<u>(5)</u>	<u>(68)</u>
<b>Total current tax charge/(credit) for the year</b>	<u><u>78</u></u>	<u><u>(44)</u></u>

**NATIONAL GRID LAND AND PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**5 Tax on profit on ordinary activities (continued)**

**Factors that may affect future tax charges**

A number of changes to the UK corporation tax system were announced in the 2010 Budget Report which have been enacted in the 2010 Finance Act. The impact of these changes is not considered to be material to the future tax charge in the UK.

There is currently ongoing consultation on the reform of the controlled foreign company legislation. The outcome of the consultation process will not be known for some time and we will monitor the impact of the taxation on our holdings in our overseas operations.

The worldwide debt cap, which restricts the amount of finance expense available for UK tax purposes, will apply for accounting periods ended 31 March 2011 onwards but is not expected to have a material effect on our future tax charge.

**6 Tangible assets**

	<b>Land and buildings</b>
	<b>£'000</b>
<b>Cost:</b>	
At 1 April 2009	1,835
Additions	130
At 31 March 2010	<u>1,965</u>
<b>Depreciation</b>	
At 1 April 2009	(383)
Charge for the year	(22)
At 31 March 2010	<u>(405)</u>
<b>Net Book Value:</b>	
At 31 March 2010	<u>1,560</u>
At 31 March 2009	<u>1,452</u>

The net historical cost of the Company's land and buildings at 31 March 2010 comprises freehold £0.9 million (2009 £0.6 million), long leasehold £0.7 million (2009 £0.8 million) and short leasehold £nil (2009 £0.1 million).

**NATIONAL GRID LAND AND PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**7 Fixed asset investments**

**Shares in  
subsidiary  
undertakings  
£'000**

**Cost and Net Book Value:**

At 1 April 2009 and 31 March 2010

**321**

The Company's fixed asset investments at 31 March 2010 represented 100% of the issued ordinary share capital of National Grid Property Developments Limited, a property development company registered in England and Wales, and National Grid Property (Northampton) Limited, a property investment company registered in England and Wales

The directors believe that the carrying value of the investments is supported by their underlying net assets

**8 Debtors**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	181	385
Amounts owed by fellow subsidiary undertakings	51,543	51,171
Other debtors	-	120
Value added tax recoverable	100	58
Prepayments	4	309
	<b><u>51,828</u></b>	<b><u>52,043</u></b>

**9 Creditors : amounts falling due within one year**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to fellow subsidiary undertakings	5,513	5,609
Trade creditors	12	351
Other creditors	4	7
Accruals and deferred income	744	331
	<b><u>6,273</u></b>	<b><u>6,298</u></b>

**NATIONAL GRID LAND AND PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**10 Provisions for liabilities and charges**

	<b>Property Onerous Lease Costs £'000</b>	<b>Deferred Tax £'000</b>	<b>Total £'000</b>
At 1 April 2009	1,134	278	1,412
(Credit) / charge to profit and loss account	(434)	21	21
Utilised in the year	(5)	-	(439)
<b>At 31 March 2010</b>	<b><u>695</u></b>	<b><u>299</u></b>	<b><u>994</u></b>

**Property onerous lease costs**

Consists primarily of provision for rent and rates payable on surplus leasehold properties and disposal of surplus leasehold interests net of sublet rental income. The amount and timing of offsetting sublets is uncertain. It is expected that most expenditure will take place between 2010 and 2042.

**Deferred Taxation**

Deferred taxation arises on accelerated capital allowances.

**11 Called up share capital**

	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Allotted, called up and fully paid:</b>		
34,806,296 ordinary shares of £1 each	<b><u>34,806</u></b>	<b><u>34,806</u></b>

**12 Reserves**

	<b>Profit and loss account £'000</b>
At 1 April 2009	11,400
Profit for the financial year	242
<b>At 31 March 2010</b>	<b><u>11,642</u></b>



**NATIONAL GRID LAND AND PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**13 Reconciliation of movement in shareholders' funds**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	<u>242</u>	<u>655</u>
Net increase in shareholders' funds	<u>242</u>	<u>655</u>
Opening shareholders' funds	<u>46,206</u>	<u>45,551</u>
<b>Closing shareholders' funds</b>	<b><u>46,448</u></b>	<b><u>46,206</u></b>

**14 Financial commitments**

At 31 March 2010, the Company's annual commitment under non-cancellable operating leases on land and buildings were

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>Restated £'000</b>
<b>Amounts due on lease expiring:</b>		
Within one year	-	-
Between two and five years	-	-
Greater than 5 years	<u>1,272</u>	<u>1,272</u>
	<b><u>1,272</u></b>	<b><u>1,272</u></b>

The prior year disclosure has been restated to more accurately reflect the future operating lease commitments

**15 Related party transactions and ultimate parent company**

The Company is exempt from disclosing transactions with National Grid plc and its subsidiary undertakings where all of the voting rights are held within the group. There were no related party transactions with companies where not all of the voting rights are held within the National Grid plc group of companies.

The ultimate parent and controlling company is National Grid plc and the immediate parent company is National Grid Property Limited. The largest and smallest groups which include the Company and for which consolidated financial statements are prepared are headed by National Grid plc and National Grid Holdings One plc respectively. All of these companies are registered in England and Wales.

Copies of these consolidated financial statements can be obtained from the Company Secretary, National Grid, 1-3 Strand, London WC2N 5EH.