

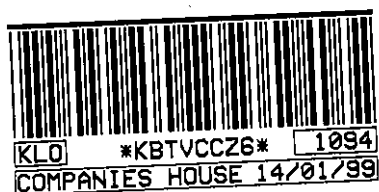
**NGC LEASING LIMITED**

**REPORT OF THE DIRECTORS**

**AND FINANCIAL STATEMENTS FOR THE YEAR**

**ENDED 31 MARCH 1998**

Registered Number: 2678223



# **NGC LEASING LIMITED**

## **REPORT OF THE DIRECTORS**

### **FOR THE YEAR ENDED 31 MARCH 1998**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 1998.

#### **PRINCIPAL ACTIVITY**

The company provides motor cars under operating lease rentals for the use of employees/directors of The National Grid Company plc.

The company is a wholly owned subsidiary undertaking of The National Grid Company plc, which is itself a wholly owned subsidiary of The National Grid Group plc. Both companies are incorporated in Great Britain.

#### **DEVELOPMENT OF THE BUSINESS**

Business has grown steadily since the Company commenced trading. The Company anticipates the growth of rentals to continue for the foreseeable future.

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation was £343,000 (1997: £20,000). The profit for the year has been transferred to reserves.

The directors do not recommend the payment of a final dividend.

#### **DIRECTORS**

The directors of the Company throughout the year were:

D H Elsey (Chairman)  
J Lowen  
A Matthews

# NGC LEASING LIMITED

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 1998 (continued)

### DIRECTORS' INTERESTS IN SHARES

The interests of the directors as shown in the register maintained by the Company in accordance with section 325 of the Companies Act 1985 are as follows:-

#### Ordinary shares in The National Grid Group plc (NGG).

##### Employee ShareSave options

	1 April 1997	Granted	Exercised	31 March 1998
D H Elsey	-	2,850	-	2,850
J R Lowen	4,006	4,035	-	8,041
A Matthews	4,006	4,035	-	8,041

##### Executive Share options

	1 April 1997	Granted	Exercised	31 March 1998
D H Elsey	146,471	68,643	146,471	68,643
J R Lowen	41,974	82,364	41,974	82,364
A Matthews	14,598	-	-	14,598

##### Beneficial interests in Shares

	1 April 1997	31 March 1998*
D H Elsey	37,916	128,597**
J R Lowen	37,093	41,809**
A Matthews	685	927

\* Adjusted following NGG's capital restructuring in February 1998 (17 New NGG Ordinary shares of 11 13/17p for every 20 Ordinary shares of 10p each held previously).

\*\* Includes shares acquired under the NGG share matching scheme. Subject to retention of the shares acquired in accordance with the rules of the scheme, matching awards of new NGG Ordinary shares would be exercisable by D H Elsey (5,274 shares) and J R Lowen (2,799 shares) in addition to the above.

## **NGC LEASING LIMITED**

### **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 MARCH 1998 (continued)**

#### **TRANSACTIONS WITH DIRECTORS**

None of the directors had a material interest in any contract of significance to which the Company was a party or made any transaction, arrangement or agreement within the provisions of Schedule 6 to the Companies Act 1985, during the period.

#### **TAXATION STATUS**

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

#### **DIRECTORS' RESPONSIBILITIES**

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking reasonable steps to safeguard the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors consider that in preparing the financial statements, suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used and that applicable accounting and financial reporting standards have been followed and that the statements have been prepared on the going concern basis.

# **NGC LEASING LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 MARCH 1998 (continued)**

### **YEAR 2000**

We are aware that there is a potential risk to computer systems, logic processors and external interfaces arising from the Year 2000 date change and take seriously our responsibility for ensuring that there is no material disruption to our operations. A programme is in hand to check all computer-dependent systems by the end of 1998 and, where necessary, to take action to ensure that they will continue to operate. The company's computer dependent systems are maintained by The National Grid Company plc. The costs of modifying or replacing hardware and systems are disclosed in the financial statements of The National Grid Group plc. Links have been established within and beyond the electricity industry including the active participation in the Y2K utilities Group, the main body dealing with millennium issues on behalf of the electricity, gas, water, telecommunications, transport and oil industries.

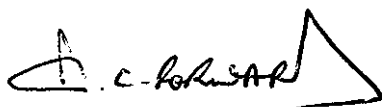
### **PROPOSED INTRODUCTION OF THE EURO**

The single European currency (the euro) will come into existence on 1 January 1999, although the UK Government has indicated that the UK will not participate at that date. A working party has been established to analyse the impact upon the Group's businesses. This is not expected to be significant for our business.

### **AUDITORS**

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

### **FOR THE BOARD**



**D C Forward**  
Secretary

**Date: 2 June 1998**

### **REGISTERED OFFICE**

185 PARK STREET  
LONDON  
SE1 9DY

**REGISTERED NUMBER: 2678223**

**NGC LEASING LIMITED**  
**REPORT OF THE AUDITORS TO**  
**THE MEMBERS OF NGC LEASING LIMITED**

We have audited the financial statements on pages 6 to 12.

**Respective responsibilities of directors and auditors**

As described on page 3, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

**Basis of opinion**

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 1998 and of the profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand.*

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**Coopers & Lybrand**  
Chartered Accountants and  
Registered Auditors  
London

Date: 2 June 1998

**NGC LEASING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 1998**

	Notes	1998 £000	1997 £000
<b>Turnover</b> - continuing operations	2	1,322	189
Operating Costs	3	(979)	(169)
		—	—
<b>Operating profit</b> - continuing operations		343	20
		—	—
<b>Profit on ordinary activities before taxation</b>		343	20
Tax on profit on ordinary activities	6	-	-
		—	—
<b>Profit on ordinary activities after taxation retained for the year</b>	11	343	20
		==	==

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the above profit on ordinary activities before taxation for the year and retained profit and the historical cost equivalents.

# NGC LEASING LIMITED

## BALANCE SHEET

AT 31 MARCH 1998

	Notes	1998 £000	1997 £000
<b>Fixed assets</b>			
Tangible assets	7	5,437	2,038
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	8	464	279
Cash at bank and in hand		1,223	3,404
		<hr/>	<hr/>
		1,687	3,683
<b>Creditors: amounts falling due within one year</b>	9	(6,761)	(5,701)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(5,074)	(2,018)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		363	20
		<hr/>	<hr/>
<b>Net assets employed</b>		363	20
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	363	20
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	13	363	20
		<hr/>	<hr/>

The financial statements on pages 6 to 12 were approved by the board of directors on 2 June 1998 and signed on its behalf by:

J R Lowen.....

Director

A Matthews.....

Director

# **pNGC LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1998**

### **1. Accounting Policies**

#### **(a) Accounting Convention**

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting and financial reporting standards in the United Kingdom.

#### **(b) Basis of Preparation**

As permitted by Financial Reporting Standard 1 (Revised 1996) no cash flow statement has been prepared as the cash flows of the company have been included in the Group cash flow statement of The National Grid Group plc.

#### **(c) Turnover**

Annual rentals paid for and income receivable from such leases are recognised in the profit and loss account on a straight line basis over the period of the lease.

#### **(d) Depreciation**

Depreciation is provided on tangible fixed assets so as to write off their cost, less their estimated residual values, on a straight line basis over the estimated useful economic life of the assets concerned.

The estimated useful economic life of motor vehicles is 5 years.

#### **(e) Deferred Taxation**

Deferred taxation, on accelerated capital allowances and other timing differences, is calculated on the liability method, and is provided to the extent that a tax liability is expected to become payable in the foreseeable future.

### **2. Turnover**

Turnover is in respect of operating lease rentals made wholly in the United Kingdom.

# NGC LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1998 (continued)

### 3. Operating Costs

	1998 £000	1997 £000
Operating Costs include:		
Depreciation charge for the year on tangible fixed assets leased to group undertakings	994	133
Proceeds from disposal of vehicles	70	-
Auditors' remuneration	3	3
	<u>          </u>	<u>          </u>

### 4. Directors' Emoluments

The emoluments of the directors are paid by a group undertaking and are deemed by them to be wholly attributable to their services to that undertaking. Accordingly, no details in respect of their emoluments have been included in these financial statements.

Two directors (1997: three directors) exercised share options in The National Grid Group plc during the year.

### 5. Employees

The company does not have any employees and as such no costs have been incurred.

### 6. Taxation

There is no tax charge in the year due to the excess of capital allowances over depreciation.

The company has generated losses which will be made available for The National Grid Company plc as group relief for nil consideration.

The maximum potential tax liability computed at 31%, arising from accelerated capital allowances for which no provision has been made, amounts to £203,000 (1997: £62,000).

**NGC LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1998 (continued)**

**7. Fixed Assets**

	<b>Vehicles on Operating Leases <u>£000</u></b>
<b>Cost</b>	
At 1 April 1997	2,171
Additions	4,393
Disposals	(87)
At 31 March 1998	<u>6,477</u>
<b>Accumulated Depreciation</b>	
At 1 April 1997	133
Charge for the year	994
Disposals	(87)
At 31 March 1998	<u>1,040</u>
<b>Net Book Value</b>	
At 31 March 1998	<u>5,437</u>
At 31 March 1997	<u>2,038</u>

# **NGC LEASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 1998 (continued)**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
<b>8. Debtors</b>		
Amounts owed by group undertakings	464	138
Prepayments	-	36
VAT recoverable	-	105
	<u>464</u>	<u>279</u>
	<u><u>464</u></u>	<u><u>279</u></u>
<b>9. Creditors: amounts falling due within one year</b>		
Trade creditors	331	201
Amounts owed to group undertakings	6,400	5,500
VAT payable	30	-
	<u>6,761</u>	<u>5,701</u>
	<u><u>6,761</u></u>	<u><u>5,701</u></u>
<b>10. Share Capital</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100 £1 Ordinary shares	100	100
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
100 £1 Ordinary shares	100	100
	<u>100</u>	<u>100</u>
	<u><u>100</u></u>	<u><u>100</u></u>
<b>11. Reserves</b>	<b>Profit &amp; Loss</b>	
	<b>Account</b>	
	<b>£000</b>	
At 1 April 1997		20
Retained profit for one year		343
		<u>363</u>
At 31 March 1998		<u><u>363</u></u>

# NGC LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1998 (continued)

### 12. Capital Commitments

Capital expenditure contracted for but not provided at 31 March 1998 amounted to £745,000 (1997: £810,000).

### 13. Reconciliation of Movements in Equity Shareholders' Funds

	1998 £000	1997 £000
Profit on ordinary activities after taxation	343	20
Opening equity shareholders' funds	20	-
Closing equity shareholders' funds	<u>363</u>	<u>20</u>

### 14. Related party transactions and ultimate holding company

The company is exempt from disclosing transactions with other companies within the National Grid Group of companies as the voting rights of all companies are held within the Group.

The ultimate holding and controlling company is The National Grid Group plc, and the immediate holding company for which consolidated financial statements are prepared is The National Grid Company plc. Both companies are incorporated in Great Britain.

Copies of their consolidated financial statements can be obtained from the Assistant Secretary, The National Grid Company plc, 185 Park Street, London SE1 9DY.