

NGC Leasing Limited
Annual report and financial statements
for the year ended 31 March 2004

Registered number: 2678223



NGC Leasing Limited

Annual report and financial statements for the year ended 31 March 2004

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NGC Leasing Limited

Directors' report for the year ended 31 March 2004

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2004.

Principal activity

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

Review of business and future development

The Company traded profitably during the year and will continue to operate as a leasing company for the foreseeable future.

Results and dividends

The profit for the year after taxation was £411,000 (2003: £472,000). The profit for the year has been transferred to reserves.

The directors do not recommend the payment of a final dividend (2003: £nil).

Directors

The directors of the Company during the year and subsequently were:

N Moore
A Patterson
A Kay

Directors' interests in shares

The interests in Group companies of the directors at 31 March 2004 as shown in the register maintained by the Company in accordance with Section 325 of the Companies Act 1985 are as shown over the page.

NGC Leasing Limited

Directors' report for the year ended 31 March 2004 (continued)

Ordinary shares in National Grid Transco plc ("NGT")

Employee ShareSave options

	1 April 2003 and 31 March 2004
A B Kay	3,692
N Moore	-
A Patterson	5,362

Executive Share options

	1 April 2003 and 31 March 2004
A B Kay	64,390
N Moore	11,974
A Patterson	-

Performance Share plan Awards

	1 April 2003	Awarded	31 March 2004
A B Kay	-	16,903	16,903
N Moore	-	16,656	16,656

Shares beneficially owned

	1 April 2003	31 March 2004
A B Kay*	15,809	13,554
N Moore	12,382	12,382
A Patterson	4,010	4,530

*Includes shares acquired under the Sharematch scheme. Subject to retention of the shares acquired in accordance with the rules of the scheme, matching awards of new NGT Ordinary shares would be exercisable by A B Kay (2004 -3,128 shares; 2003- 1,097 shares) in addition to the above.

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Directors' report for the year ended 31 March 2004 (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.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that that company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2004. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Auditors

The Company has previously taken advantage of the provisions of Section 379A of the Companies Act 1985 that enable a private company to dispense with the requirement to appoint auditors annually. Accordingly, PricewaterhouseCoopers LLP will remain in office until further notice.

For the board



N Moore
Chairman
21st January 2005

Registered office

1-3 Strand
London
WC2N 5EH

Independent auditors' report to the members of NGC Leasing Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

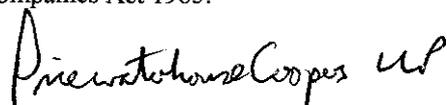
Basis of audit opinion

We 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 the company's affairs at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

21st January 2005

NGC Leasing Limited

Profit and loss account for the year ended 31 March 2004

	Notes	2004 £'000	2003 £'000
Turnover	2	2,771	3,132
Operating costs		(1,741)	(2,129)
Operating profit on ordinary activities	3	1,030	1,003
Interest payable	5	(307)	(329)
Profit on ordinary activities before tax		723	674
Tax on profit on ordinary activities	6	(312)	(202)
Profit on ordinary activities after taxation		411	472
Retained profit for the financial year	12	411	472

The results reported above relate to continuing operations.

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

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

NGC Leasing Limited

Balance sheet at 31 March 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	7	5,570	6,212
Current assets			
Debtors	8	676	771
Cash at bank and in hand		4,874	3,364
		5,550	4,135
Creditors: amounts falling due within one year	9	(9,710)	(9,423)
Net current liabilities		(4,160)	(5,288)
Total assets less current liabilities		1,410	924
Provisions for liabilities and charges	10	(83)	(8)
Net assets employed		1,327	916
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	1,327	916
Equity shareholders' funds	13	1,327	916

The financial statements on pages 7 to 15 were approved by the board of directors on 21st January 2005 and signed on its behalf by:



Director

NGC Leasing Limited

Notes to the financial statements for the year ended 31 March 2004

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies are set out below:

a) **Basis of Preparation**

In accordance with FRS 1 (Revised 1996) "Cash Flow Statements", no cash flow statement has been presented, as the cash flows of the Company have been included in the Group cash flow statement of National Grid Transco plc.

b) **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.

c) **Depreciation**

Tangible fixed assets are included in the balance sheet at cost less accumulated depreciation. These assets are depreciated using the straight-line method of rates estimated to write off their book value over their estimated useful economic lives, as follows:

	Years
Motor vehicles	5

d) **Deferred taxation**

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

Deferred taxation is provided in full on all material timing differences, with certain exceptions. No provision is made for any timing differences on non-monetary assets arising from fair value adjustments, except where there is a binding agreement to sell the assets concerned. However, no provision is made where it is more likely than not that any taxable gain will be rolled over into replacement assets.

Deferred tax assets are only recognised to the extent that their recovery is considered more likely than not.

Deferred tax balances have not been discounted.

NGC Leasing Limited

Notes to the financial statements for the year ended 31 March 2004 (continued)

2 Turnover

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

3 Operating profit is stated after charging/(crediting):

	2004	2003
	£'000	£'000
Depreciation charge for the year on tangible fixed assets leased to Group undertakings	1,828	2,097
Profit on sale of fixed assets	(407)	(342)
Audit remuneration		
- Audit services	5	5
- Non audit services	-	-

4 Directors' emoluments

The directors do not receive any emoluments in respect of their services to the company.

5 Interest Payable

	2004	2003
	£'000	£'000
Interest payable to group undertakings	307	329

NGC Leasing Limited

Notes to the financial statements for the year ended 31 March 2004 (continued)

6 Tax on profit on ordinary activities

	2004	2003
	£'000	£'000
Current tax:		
UK Corporation Tax on profits of the period	237	269
Adjustments in respect of previous periods	-	(111)
Total current tax	237	158
Deferred tax:		
Origination and reversal of timing differences	(20)	(67)
Adjustment in respect of previous periods	95	111
Total deferred tax	75	44
Tax on profit on ordinary activities	312	202
The reason for the difference between the statutory rate of current tax of 30% (2003: 30%) and the actual current tax rate of 32.8% (2003: 23.4%) is explained below:		
Profit on ordinary activities	723	674
Profit on ordinary activities multiplied By standard rate in the UK 30% (2003 30%)	217	202
Effects of:		
Accelerated capital allowances and other timing differences	20	67
Adjustment in respect of previous periods	-	(111)
	237	158

NGC Leasing Limited

Notes to the financial statements for the year ended 31 March 2004 (continued)

7 Fixed assets

	Motor Vehicles
	£'000
<hr/>	
Cost	
At 1 April 2003	9,787
Additions	2,492
Disposals	(3,362)
At 31 March 2004	8,917
<hr/>	
Accumulated depreciation	
At 1 April 2003	3,575
Charge for the year	1,828
Disposals	(2,056)
At 31 March 2004	3,347
NBV at 31 March 2004	5,570
NBV at 31 March 2003	6,212

8 Debtors

	2004	2003
	£'000	£'000
Amounts owed by Group undertakings	676	771

NGC Leasing Limited

Notes to the financial statements for the year ended 31 March 2004 (continued)

9 Creditors: Amounts falling due within one year

	2004	2003
	£'000	£'000
Trade creditors	256	494
Amounts owed to Group undertakings	9,238	8,826
Taxation and social security	216	103
	9,710	9,423

10 Provisions for liabilities and charges

	Deferred tax
	£'000
As at 1 April 2003	8
Additions	75
As at 31 December 2004	83

Deferred Taxation

Deferred taxation provided in the accounts comprises:

	2004	2003
	£'000	£'000
Accelerated capital allowances	83	8

There is no un-provided deferred tax.

11 Share capital

	2004	2003
	£'000	£'000
Authorised, allotted, called up and fully paid		
100 £1 ordinary shares	100	100

NGC Leasing Limited

Notes to the financial statements for the year ended 31 March 2004 (continued)

12 Reserves

	Profit and loss account
	£'000
As at 1 April 2003	916
Retained profit for the financial year	411
At 31 March 2004	1,327

13 Reconciliation of movements in equity shareholders' funds

	2004	2003
	£'000	£'000
Profit on ordinary activities after taxation	411	472
Net increase in shareholders' funds	411	472
Equity shareholders' funds at the start of the year	916	444
Equity shareholders' funds at the end of the year	1,327	916

14 Capital commitments

Capital expenditure contracted for but not provided for the year ended 31 March 2004 amounted to £476,829 (2003: £980,329).

15 Related party transactions

The company is exempt under the terms of FRS8 from disclosing transactions with National Grid Transco plc and other subsidiaries of that company where all of the voting rights are held within the group. There were no transactions with companies where not all of the voting rights are held within the National Grid Transco Group of companies, other than those disclosed below.

The following transactions took place with Enmo Ltd, a related party to the company.

	2004	2003
	£'000	£'000
Sales	29	5
Debtor balance as at the year end	-	2

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Notes to the financial statements for the year ended 31 March 2004 (continued)

16 Ultimate parent undertaking

The ultimate parent and controlling company is National Grid Transco plc. The immediate parent company and smallest controlling company for which consolidated financial statements are prepared is National Grid Company plc. Both companies are incorporated in Great Britain.

Copies of their consolidated financial statements can be obtained from their Company Secretary at National Grid Transco plc, 1-3 Strand, London, WC2N 5EH.