

**NGC LEASING LIMITED**

**REPORT OF THE DIRECTORS**

**AND FINANCIAL STATEMENTS FOR THE YEAR**

**ENDED 31 MARCH 2000**



Registered Number: 2678223

# **NGC LEASING LIMITED**

## **REPORT OF THE DIRECTORS**

### **FOR THE YEAR ENDED 31 MARCH 2000**

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2000.

#### **PRINCIPAL ACTIVITY**

The company provides motor cars under operating lease rentals for the use of employees and Directors of National Grid companies.

The company is a wholly owned subsidiary undertaking of The National Grid Company plc ("NGC"). The ultimate parent undertaking is The National Grid Group plc ("NGG"). Both companies are incorporated in Great Britain.

#### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

Business has grown steadily since the Company began trading on 1 August 1996. The Company anticipates the growth of rentals to continue for the foreseeable future.

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation was £409,000 (1999: £452,000). 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 (Ceased 15 May 2000)

# NGC LEASING LIMITED

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2000 (continued)

### DIRECTORS' INTERESTS IN SHARES

The Directors have no shareholding in NGC Leasing Limited. 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 1999	Granted	Exercised	31 March 2000
D H Elsey	2,850	-	-	2,850
J R Lowen	8,041	3,004	(4,006)	7,039
A Matthews	8,041	1,724	(4,006)	5,759

##### Executive Share options

	1 April 1999	Granted	Exercised	31 March 2000
D H Elsey	97,279	6,853	-	104,132
J R Lowen	101,578	9,951	-	111,529
A Matthews	25,060	-	(14,598)	10,462

##### Beneficial interests in Shares

	1 April 1999	31 March 2000
D H Elsey	129,457**	130,270**
J R Lowen	37,176**	36,727**
A Matthews	569	5,598

\*\* Includes shares acquired under the NGG share match 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 (8,063 shares) and J R Lowen (5,221 shares) in addition to the above.

## **NGC LEASING LIMITED**

### **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 MARCH 2000 (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.

#### **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.

#### **YEAR 2000**

In preparation for the Year 2000 date change, the NGG Group, which includes the Company, tested all business-critical information systems deemed to be at risk of failure, amending or replacing them as necessary. As a result, the date change had no material impact on the continuity of the NGG Group's operations. Although some software problems were experienced, these were minor in nature and did not impair operations in any way. The total cost of the programme, which began in 1996, is disclosed in the financial statements of NGG.

**NGC LEASING LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 MARCH 2000 (continued)**

**AUDITORS**

The Company has 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 will be deemed to remain in office until further notice.

**FOR THE BOARD**



**D C Forward**  
Secretary

**Date: 22 May 2000**

**REGISTERED OFFICE**

15 MARYLEBONE ROAD  
LONDON  
NW1 5JD

## **NGC LEASING LIMITED**

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

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

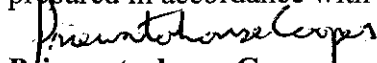
#### **Basis of audit opinion**

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 the Company's affairs at 31 March 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors  
London

Date: 22 May 2000

**NGC LEASING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2000**

	Notes	2000 £000	1999 £000
<b>Turnover</b> - continuing operations	2	3,051	2,446
Operating costs	3	(2,351)	(1,791)
		—	—
<b>Operating profit</b> - continuing operations		700	655
		—	—
<b>Profit on ordinary activities before taxation</b>		700	655
Tax on profit on ordinary activities	6	(291)	(203)
		—	—
<b>Profit on ordinary activities after taxation retained for the year</b>	11	409	452
		==	==

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.

**NGC LEASING LIMITED**

**BALANCE SHEET**

**AT 31 MARCH 2000**

	<b>Notes</b>	<b>2000 £000</b>	<b>1999 £000</b>
<b>Fixed assets</b>			
Tangible assets	7	7,804	7,354
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	8	914	788
Cash at bank and in hand		1,372	823
		<hr/>	<hr/>
		2,286	1,611
<b>Creditors: amounts falling due within one year</b>	9	(8,866)	(8,150)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(6,580)	(6,539)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		1,224	815
		<hr/>	<hr/>
<b>Net assets employed</b>		1,224	815
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	1,224	815
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	13	1,224	815
		<hr/>	<hr/>

The financial statements on pages 6 to 12 were approved by the board of directors on 22 May 2000 and signed on its behalf by:

  
**D H Elsey**  
 Director



**NGC LEASING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2000**

**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) 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 economic useful lives, as follows:

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

**(d) 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 asset is expected to become repayable 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 2000 (continued)

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

	2000 £000	1999 £000
Depreciation charge for the year on tangible fixed assets leased to group undertakings	2,200	1,692
Loss/(profit) on sale of fixed assets	36	(51)
Audit fees	5	5
	<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 (1999: none) 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**

The tax charge in the year amounts to £291,000 (1999: £203,000).

The maximum potential tax liability computed at 30%, arising from accelerated capital allowances for which no provision has been made, amounts to £144,000 (1999: £197,000).

**NGC LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2000 (continued)**

**7. Fixed assets**

	<b>Motor Vehicles</b> <b><u>£000</u></b>
<b>Cost</b>	
At 1 April 1999	9,882
Additions	3,567
Disposals	(1,685)
At 31 March 2000	<u>11,764</u>
<b>Accumulated depreciation</b>	
At 1 April 1999	2,528
Charge for the year	2,200
Disposals	(768)
At 31 March 2000	<u>3,960</u>
<b>Net book value</b>	
At 31 March 2000	<u>7,804</u>
At 31 March 1999	<u>7,354</u>

# NGC LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2000 (continued)

	2000 £000	1999 £000
<b>8. Debtors</b>		
Trade debtors	65	56
Amounts owed by group undertakings	849	732
	<u>914</u>	<u>788</u>
	<u><u>914</u></u>	<u><u>788</u></u>
<b>9. Creditors: amounts falling due within one year</b>		
Trade creditors	268	416
Amounts due to group undertakings	8,270	7,500
VAT payable	67	31
Corporation tax	261	203
	<u>8,866</u>	<u>8,150</u>
	<u><u>8,866</u></u>	<u><u>8,150</u></u>
<b>10. Share capital</b>	<b>2000</b>	<b>1999</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 account £000</b>
At 1 April 1999		815
Retained profit for the year		409
At 31 March 2000		<u>1,224</u>
		<u><u>1,224</u></u>

# NGC LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000 (continued)

### 12. Capital Commitments

Capital expenditure contracted for but not provided at 31 March 2000 amounted to £544,000 (1999: £396,000).

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

	2000 £000	1999 £000
Profit on ordinary activities after taxation	409	452
Equity shareholders' funds at the start of the year	815	363
Equity shareholders' funds at the end of the year	<u>1,224</u>	<u>815</u>

### 14. Related party transactions and ultimate parent 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 with which the Company has traded are held within the Group.

The ultimate parent and controlling company is The National Grid Group plc, and the immediate parent and controlling 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, 15 Marylebone Road, London NW1 5JD.

### 15. Cash flow statement

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 The National Grid Group plc.