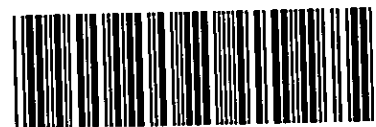


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National Grid Property (High Wycombe) Limited

**Directors' Report
and Financial Statements
For the year ended 31 March 2013**

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National Grid Property (High Wycombe) Limited

Directors' Report

For the year ended 31 March 2013

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2013

Principal activities

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

Business review

The Company owns land in High Wycombe acquired from other National Grid plc subsidiary companies. The Directors intend to retain the land and seek an opportunity for its development or disposal. Results for the year, as detailed below, depend on administrative expenses offset by a credit in taxation.

Key performance indicators and principal risks and uncertainties

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 the 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 Strategic Review included in National Grid plc's Annual Report and Accounts 2012/13, which does not form part of this report.

Future developments

The Directors believe the current level of trading activity as reported in the profit and loss account will continue in the foreseeable future with no anticipated significant balance sheet movements.

Results and dividends

The Company's loss for the financial year was £27,000 (2012 £26,000)

The Directors do not recommend the payment of a dividend (2012 £nil)

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' deficit at 31 March 2013 was £305,000 (2012 £278,000) comprising fixed assets of £1,757,000 (2012 £1,680,000), less net current liabilities of £2,033,000 (2012 £1,929,000) less provisions for liabilities and charges of £29,000 (2012 £29,000).

Financial risk management

The management of the Company and the execution of the Company's strategy are subject to a number of financial risks. The Directors have identified the need to manage the Company's material financial risks, including liquidity 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 National Grid plc and its subsidiaries.

Treasury also seeks to limit third party counterparty risk which arises from the investment of surplus funds and the use of derivative financial instruments. Treasury monitors the exposure that National Grid has with any one counterparty against agreed limits and these limits are monitored regularly and updated for changes in credit ratings.

National Grid Property (High Wycombe) Limited

Directors' Report (continued)

For the year ended 31 March 2013

Financial risk management (continued)

Liquidity risk

The Company finances its operations through intercompany balances to ensure that the Company has sufficient long-term and short-term funds available for current operations and future activities

Credit risk

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 intercompany balances

Directors

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

M Ajaz (Appointed 23 November 2012)

M C Cooper (Appointed 23 November 2012)

N K Dark (Resigned 23 November 2012)

P D Edwards

C M Shoesmith (Resigned 23 November 2012)

Directors' indemnity

National Grid has arranged, in accordance with the Companies Act 2006 and the Articles of Association, qualifying third party indemnities against financial exposure that Directors may incur in the course of their professional duties. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance for each Director

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 financial 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 be in a position to obtain finance via intercompany balances to continue to operate for the foreseeable future. In addition, as indicated in note 14 to the financial statements, a fellow subsidiary undertaking, National Grid Holdings One plc, has confirmed its intention to support the Company. The Directors have no reason to doubt this continued support

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

Differences between market and balance sheet value of land and buildings

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

National Grid Property (High Wycombe) Limited

Directors' Report (continued)

For the year ended 31 March 2013

Disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors in office at the date of the approval 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

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 prepared 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 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.

Approved by the Board and signed on its behalf by



D C Forward
Secretary
23 August 2013

Registered office:
1-3 Strand
London
WC2N 5EH

Registered in England and Wales
Company registration number. 6112614

Independent auditors' report to the members of

National Grid Property (High Wycombe) Limited

We have audited the financial statements of National Grid Property (High Wycombe) Limited for the year ended 31 March 2013 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 statement of Directors' responsibilities set out in the Directors' Report 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its loss 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



Stephen Snook (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
23 August 2013

National Grid Property (High Wycombe) Limited

Profit and loss account

For the years ended 31 March

	Notes	2013 £'000	2012 £'000
Administrative expenses		(33)	(5)
Exceptional item	3	-	(29)
Operating loss	2	<u>(33)</u>	<u>(34)</u>
Tax on loss on ordinary activities	5	6	8
Loss for the financial year	11	<u>(27)</u>	<u>(26)</u>

The results reported above relate to continuing activities

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

National Grid Property (High Wycombe) Limited

Balance sheet

As at 31 March

	Notes	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	6	<u>1,757</u>	<u>1,680</u>
Current assets			
Debtors amounts falling due within one year	7	31	29
Debtors amounts falling due after more than one year	7	7	7
Cash at bank and in hand		<u>1</u>	<u>-</u>
		39	36
Creditors: amounts falling due within one year	8	<u>(2,072)</u>	<u>(1,965)</u>
Net current liabilities		<u>(2,033)</u>	<u>(1,929)</u>
Total assets less current liabilities		<u>(276)</u>	<u>(249)</u>
Provisions for liabilities and charges	9	<u>(29)</u>	<u>(29)</u>
Net liabilities		<u>(305)</u>	<u>(278)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>(305)</u>	<u>(278)</u>
Total shareholders' deficit	12	<u>(305)</u>	<u>(278)</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 23 August 2013 and signed on its behalf by



M C Cooper
Director

National Grid Property (High Wycombe) Limited

Notes to the financial statements

For the year ended 31 March 2013

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 (FRS) and the Companies Act 2006. They have been prepared on an historical cost basis and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

The Company is a wholly owned subsidiary within a group headed by National Grid plc and is included in the consolidated financial statements of that company which are publicly available. Consequently the Company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

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 accounting 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) Tangible assets and depreciation

Tangible fixed assets are included in the balance sheet at cost less accumulated depreciation. Additions represent the purchase or construction of new assets, and extensions to, or significant increases in the capacity of, tangible fixed assets.

Freehold land is not depreciated. 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.

National Grid Property (High Wycombe) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2013

1 Accounting policies (continued)

(c) Taxation

Current tax 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 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 substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years 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

(d) 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

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

Borrowings, which include interest-bearing loans and overdrafts, are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs 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

(e) Environmental costs

Environmental costs, based on future estimated expenditures expected to be incurred, are provided for in full

Liabilities for environmental remediation resulting from past operations or events are recognised to the extent to which required under UK decontamination requirements and to the extent to which the amount can reasonably be estimated. Measurement of liabilities is based on current legal requirements and existing technology. The carrying amount of liabilities is regularly reviewed and adjusted for new facts or changes in law or technology. No provision is made for non-statutory decontamination costs

National Grid Property (High Wycombe) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2013

2 Operating loss

	2013	2012
	£'000	£'000
Operating loss is stated after charging:		
Services provided by the Company's auditor		
Audit fees	<u>6</u>	<u>-</u>

Audit fees of £6,000 for the year ended 31 March 2012 were borne by the immediate parent company and not recharged

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

3 Exceptional item

The exceptional item represents a charge in relation to the environmental provision (see note 9) of £nil (2012 £29,000)

4 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 4 Directors (2012 3) who exercised share options in or received ordinary shares as part of long term incentive plans of the ultimate parent company, National Grid plc.

There were no employees of the Company during the year (2012 none)

5 Tax on loss on ordinary activities

	2013	2012
	£'000	£'000
Current tax:		
UK corporation tax	<u>(6)</u>	<u>(1)</u>
Deferred tax:		
Origination and reversal of timing differences on exceptional items	-	(8)
Impact of change in tax rate	-	1
Total deferred tax	<u>-</u>	<u>(7)</u>
Tax credit on loss on ordinary activities	<u>(6)</u>	<u>(8)</u>

National Grid Property (High Wycombe) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2013

5 Tax on loss on ordinary activities (continued)

The tax credit for the year is lower than the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are explained below

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	<u>(33)</u>	<u>(34)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	(8)	(9)
Effect of		
Expenses not deductible for tax purposes	2	-
Movement in other short-term timing differences	<u>-</u>	<u>8</u>
Total current tax credit for the year	<u>(6)</u>	<u>(1)</u>

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate to 23% from 1 April 2013 was enacted in Finance Act 2012. As such, deferred tax balances have been calculated at this rate.

A reduction in the corporation tax rate to 21% from April 2014 was announced in the Autumn Statement and a further reduction to 20% from April 2015 was announced in the 2013 UK Budget Report. Although these reductions in the UK corporation tax rate have now been enacted, these rate changes had not been substantively enacted as at the balance sheet date and have therefore not been reflected in these financial statements.

6 Tangible assets

	Freehold land £'000
Cost:	
At 1 April 2012	1,680
Additions	77
At 31 March 2013	<u>1,757</u>
Net book value:	
At 31 March 2013	<u>1,757</u>
At 31 March 2012	<u>1,680</u>

National Grid Property (High Wycombe) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2013

7 Debtors

	2013	2012
	£'000	£'000
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	30	24
Other tax and social security	1	5
	<u>31</u>	<u>29</u>
Amounts falling due after more than one year:		
Deferred tax	<u>7</u>	<u>7</u>
Deferred tax		
	2013	2012
	£'000	£'000
Other short-term timing differences	<u>7</u>	<u>7</u>
	2013	2012
	£'000	£'000
Deferred tax asset at 1 April	7	-
Credited to profit and loss account	-	7
Deferred tax asset at 31 March	<u>7</u>	<u>7</u>

There are no other significant unrecognised deferred tax assets or liabilities (2012 £0)

8 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Amounts owed to a fellow subsidiary undertaking	2,036	1,956
Accruals and deferred income	36	9
	<u>2,072</u>	<u>1,965</u>

9 Provisions for liabilities and charges

	Environmental
	£'000
At 1 April 2012 and 31 March 2013	<u>29</u>

National Grid Property (High Wycombe) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2013

9 Provisions for liabilities and charges (continued)

The environmental provision represents the estimated statutory decontamination costs of old gas manufacturing sites. The Company does not provide for non-statutory decontamination costs.

There are a number of uncertainties that affect the calculation of the provision for gas site decontamination, including the impact of regulation, the accuracy of the site surveys, unexpected contaminants, transportation costs and the impact of alternative technologies. We have made our best estimate of the financial effect of these uncertainties in the calculation of the provision, but future material changes in any of the assumptions could materially impact on the calculation of the provision and hence the profit and loss account.

10 Called up share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

11 Reserves

	Profit and loss account £'000
At 1 April 2012	(278)
Loss for the financial year	(27)
At 31 March 2013	<u>(305)</u>

12 Reconciliation of movement in total shareholders' deficit

	2013	2012
	£'000	£'000
Loss for the financial year	<u>(27)</u>	<u>(26)</u>
Net increase in shareholders' deficit	<u>(27)</u>	<u>(26)</u>
Opening shareholders' deficit	<u>(278)</u>	<u>(252)</u>
Closing shareholders' deficit	<u>(305)</u>	<u>(278)</u>

13 Capital and other commitments

	2013	2012
	£'000	£'000
Contracts placed for future capital expenditure not provided for in the financial statements	<u>10</u>	<u>-</u>

· National Grid Property (High Wycombe) Limited

Notes to the financial statements (continued)

For the year ended 31 March 2013

14 Related party transactions, ultimate parent company and financial support

The Company is exempt under FRS 8 'Related Party Disclosures' 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 other companies.

The ultimate parent and controlling company is National Grid plc and the immediate parent company is Birch Sites Limited. The largest and smallest group which includes the Company and for which consolidated financial statements are prepared is headed by National Grid plc. Both of these companies are registered in England and Wales.

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

An intermediate holding company, National Grid Holdings One plc, has confirmed its intention to ensure that the Company will be in a position to meet its liabilities for a period of not less than one year from the date of these financial statements.