

31 March 2009

**ELEXON Clear Limited Report and
Financial Statements**

Company Registration Number 4027298

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1 OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Nick Durlacher	(Chairman)
Scott Nelson	(Non-executive, resigned 30 September 2008)
Graham Thomas	(Non-executive, resigned 30 September 2008)
Jane E Tozer MBE	(Non-executive)
Barbara Vest	(Non-executive)
Peter Teague	(Non-executive, appointed 1 October 2008)
Nigel Cornwall	(Non-executive, appointed 1 October 2008)

COMPANY SECRETARY

Claire Williams

REGISTERED OFFICE

4th Floor
350 Euston Road
London NW1 3AW

BANKERS

Barclays Bank PLC
54 Lombard Street
London EC3P 3AH

SOLICITORS

Denton Wilde Sapte
One Fleet Place
London EC4M 7WS

Taylor Walton LLP
28-44 Alma St.
Luton
Bedfordshire LU1 2PL

Slaughter and May
1 Bunhill Row
London EC1Y 8YY

Thring Townsend Lee & Pemberton
Kinnaird House
1 Pall Mall East
London SW1Y 5AU

AUDITORS

Deloitte LLP
Chartered Accountants
London

2 DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2009. This report has been prepared in accordance with the special provisions relating to small companies under s246 Companies Act 1985.

Principal activity

The Company's principal activity is to act as the BSC Clearer as defined by the Balancing and Settlement Code (BSC) of the electricity market of England and Wales. The Company acts as a legal counter-party to trading parties that have acceded to the BSC and as such holds cash security deposits relating to trading activities.

Going Concern

ELEXON Clear has arranged a £4.0m overdraft facility with its bankers at the variable rate of 1.75 percent above the bank's base rate. This facility has not been drawn down but the Board believes that this provides a secure financial base for the Company for the foreseeable future. Financial risks are also mitigated by the nature of the debtor balances owed, with the BSC providing for other BSC Parties to meet the liabilities of any debtor in default. As a result, the Board considers that there is a reasonable expectation that the Company will continue in operating existence for the foreseeable future and has therefore used the going concern basis of accounting in the preparation of the financial statements.

Directors and their interests

The membership of the Board at 31 March 2009 is set out below. None of the Directors had any interests in the share capital of Elexon Clear Limited or any other Group company.

Director
Nick Durlacher (Chairman)
Peter Teague
Nigel Cornwall
Jane E Tozer
Barbara Vest

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditors

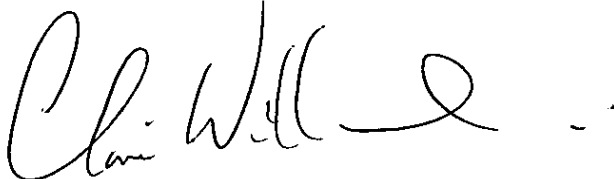
Deloitte LLP has expressed its willingness to continue in office as auditors and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Claire Williams', with a stylized flourish at the end.

Claire Williams

Company Secretary

15 June 2009

3 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company as at the end of the financial period 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;
- state whether applicable UK Accounting Standards have been followed; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

4 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELEXON CLEAR LIMITED

We have audited the financial statements of ELEXON Clear Limited for the year ended 31 March 2009 which comprise the Balance Sheet and the related notes 6.1 to 6.9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP

Chartered Accountants and Registered Auditors
London, United Kingdom
15 June 2009

5 BALANCE SHEET

31 March

	Note	2009 £	2008 £
CURRENT ASSETS			
Debtors	6.3	42,323,257	56,649,025
Cash at bank and in hand	6.4	138,794,657	147,056,951
		181,117,914	203,705,976
CREDITORS: amounts falling due within one year			
	6.5	(181,117,913)	(203,705,975)
NET CURRENT ASSETS		1	1
CAPITAL AND RESERVES			
Called up share capital	6.6	1	1
EQUITY SHAREHOLDER'S FUNDS		1	1

The notes on pages 10 to 12 form part of these accounts.

The financial statements have been prepared in accordance with the special provisions relating to small companies under s246 of the Companies Act 1985.

These financial statements were approved by the Board of Directors on 3 June 2009.

Signed on behalf of the Board of Directors



Nick Durlacher

Director

15 June 2009

6 NOTES TO THE ACCOUNTS

6.1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with United Kingdom law and applicable accounting standards. The accounting policies adopted are as described below, and have been applied consistently in the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Profit and Loss Account

Under the BSC, the Company is legally assigned that part of trading contracts which relate to cash collection and payment. In this situation, the Company has no transactions of its own but is entitled to the economic benefit of the cash receipts and is obliged to transfer the economic benefits of payments. The Company shows approximately 28 days of debtors and creditors in its accounts, but with no related profit and loss entries.

Accordingly the Company has not produced a profit and loss account.

Basis of preparation

Arrangements are in place to manage financial risk, as a result the Board considers that there is a reasonable expectation that the Company will continue in operating existence for the foreseeable future and has therefore used the going concern basis of accounting in the preparation of the financial statements.

6.2 INFORMATION REGARDING DIRECTORS, AUDITORS AND EMPLOYEES

The Directors have received no remuneration for services to the Company during the year (2008: £ nil).

The Company had no employees during the year (2008: none).

The audit fee of £3,000 (2008: £3,000) was borne by the parent Company in both the current and preceding year.

6.3 DEBTORS

	2009 £	2008 £
Trading Party balances	42,323,257	56,649,024
Called up share capital not paid	1	1
	42,323,257	56,649,025

Trading Party balances represent amounts due from trading parties under Section N of the BSC for the 28 days of trading from 4 March 2009 to 31 March 2009. A corresponding balance is included in Creditors: amounts falling due within one year (see note 6.5).

6.4 CASH AT BANK AND IN HAND

£138,852,277 (2008: £147,056,951) of the cash at bank represents security deposits lodged by Trading Parties with the Company under Section M of the BSC. Amounts lodged as security deposits are the absolute property of the Company but can only be used as credit cover for trading balances as set out in the BSC. The BSC also sets out the limited instances whereby security deposits are repaid to Trading Parties. Interest accrued on cash deposits is refunded to the lodging parties in accordance with the BSC.

The remaining balance of cash represents a deficit of £57,620 on the borrowing account, due to defaults on trading charges which have yet to be recovered from non-defaulting parties.

6.5 CREDITORS: amounts falling due within one year

	2009 £	2008 £
Trading Party balances	42,265,636	56,649,024
Security deposits lodged by Trading Parties	138,852,277	147,056,951
	181,117,913	203,705,975

Security deposits represent amounts lodged by Trading Parties with ELEXON Clear Limited under Section M of the BSC (see note 6.4).

6.6 CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised:		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Called up, allotted and unpaid:		
1 Ordinary share of £1	1	1
	<hr/>	<hr/>

6.7 ULTIMATE PARENT COMPANY

ELEXON Clear Limited is wholly owned by ELEXON Limited, which is incorporated in England and Wales. The accounts of ELEXON Clear Limited are consolidated within the financial statements of ELEXON Limited, the smallest and largest consolidated group.

ELEXON Limited is owned but not controlled by National Grid Electricity Transmission plc (NGET). The ultimate parent entity of NGET is National Grid plc.

The Directors of ELEXON Limited are of the opinion that under Financial Reporting Standard 2 (Accounting for Subsidiary Undertakings) the financial statements of ELEXON Limited do not require consolidation within the National Grid plc group. Under Section C of the Balancing and Settlement Code (BSC), National Grid plc is prohibited from consolidating the financial results of ELEXON Limited or its subsidiaries with its own or with any of its affiliated entities.

The Group financial statements of ELEXON Limited may be obtained from the Company Secretary at 350 Euston Road, London NW1 3AW.

6.8 CASH FLOW STATEMENT

The Company is classified as a small entity. Consequently, in accordance with Financial Reporting Standard 1 (Revised) the Company is exempt from preparing a cash flow statement as part of these financial statements.

6.9 RELATED PARTY TRANSACTIONS

As a greater than 90% subsidiary of ELEXON Limited, ELEXON Clear Limited has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose related party transactions with other group companies.