

PUBLIC

ELEXON Clear Limited

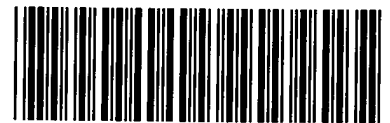
Report and Financial Statements

COMPANY REGISTRATION NUMBER 4027298



31 March 2015

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ELEXON CLEAR LIMITED

CONTENTS

1.	Officers and Professional Advisers	3
2.	Directors' Report	4
3.	Statement of Directors' Responsibilities.....	6
4.	Independent Auditor's Report to the Members of ELEXON Clear Limited	7
5.	Balance Sheet	9
6.	Notes To The Accounts	10



ELEXON CLEAR LIMITED

1. Officers and Professional Advisers

Directors

Michael Gibbons	(Chairman)
Volker Beckers	(Non-executive)
Alison Chappell	(Non-executive)
Nigel Cornwall	(Non-executive)
David Rigney	(Non-executive)
Gillian Wilmot	(Non-executive)

Company Secretary

Nicholas Brown

Registered Office

4th Floor
350 Euston Road
London NW1 3AW

Bankers

Barclays Bank PLC
54 Lombard Street
London EC3P 3AH

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

ELEXON CLEAR LIMITED

2. Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2015.

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 Great Britain. The Company acts as a legal counterparty to trading parties that have acceded to the BSC and as such holds cash security deposits relating to trading activities.

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risks the Directors consider relevant are credit risk, particularly in relation to the large deposits held by the Company, and liquidity risk. These risks are 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.

Going concern

ELEXON Clear has arranged a £1.0m overdraft facility with Barclays PLC at the variable rate of 1.75 percent above the bank's base rate. The Board believe 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 throughout the year, with exceptions noted, is set out below. None of the directors had any interests in the share capital of ELEXON Clear Limited or any other Group company.

Michael Gibbons	(Chairman)
Volker Beckers	(Non-executive)
Alison Chappell	(Non-executive)
Nigel Cornwall	(Non-executive)
David Rigney	(Non-executive)
Gillian Wilmot	(Non-executive)

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.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them 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:

ELEXON CLEAR LIMITED

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report has been prepared in accordance with the provisions relating to small companies under section 415(A) of the Companies Act 2006.

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



Nicholas Brown

Company Secretary

4 June 2015

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). 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 these 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

4. Independent Auditor's Report to the Members of ELEXON Clear Limited

We have audited the financial statements of ELEXON Clear Limited for the year ended 31 March 2015 which comprise the Balance Sheet and the related notes **6.1 to 6.9**. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effect January 2015) United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)..

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its result 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

ELEXON CLEAR LIMITED

- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing a Directors report and from preparing the Strategic report



Dean Cook, MA, FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

4 June 2015

ELEXON CLEAR LIMITED

5. Balance Sheet

	Notes	31 March 2015 £	31 March 2014 £
CURRENT ASSETS			
Debtors	6.3	58,586,875	68,713,298
Cash at bank and in hand	6.4	56,073,309	63,538,750
		114,660,184	132,252,048
CREDITORS: amounts falling due within one year			
	6.5	(114,660,183)	(132,252,047)
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.

These accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

These financial statements were approved by the Board of Directors and authorised for issue on 3 June 2015.

Signed on behalf of the Board of Directors

Company Registration Number 4027298



Michael Gibbons

Director

4 June 2015

ELEXON CLEAR LIMITED

6. Notes To The Accounts

6.1 Accounting Policies

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and the Financial Reporting Standard for Smaller Entities (effective April 2008) ('FRSSE') under the historical cost convention, modified by the revaluation of certain fixed assets.

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, Auditor and Employees

The Directors have received no remuneration for services to the Company during the year (2014: £nil).

The Company had no employees during the year (2014: none).

The audit fee of £3,000 (2014: £3,000) was borne by the parent Company in both the current and preceding year.

6.3 Debtors

	2015 £	2014 £
Trading Party balances	58,586,874	68,713,297
Called up share capital not paid	1	1
	<u>58,586,875</u>	<u>68,713,298</u>

£58,563,904 (2014: £68,713,297) of the Trading Party balances represents amounts due from trading parties under Section N of the BSC for the 28 days of trading from 4 March 2014 to 31 March 2015. A corresponding balance is included in Creditors: amounts falling due within one year (see note 6.5). The rest of the Trading Party balances of £22,971 represents defaulted amounts due to be recharged to and collected from non-defaulting trading parties.

ELEXON CLEAR LIMITED

6.4 Cash at Bank and in Hand

	2015 £	2014 £
Security Deposits	56,096,280	63,538,047
Pre-payment of trading charges	-	703
Borrowing	(22,971)	-
	56,073,309	63,538,750

Cash of £56,096,280 (2014: £63,538,047) 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 paid to the lodging parties in accordance with the BSC. £22,971 was drawn from the borrowing account to cover the defaulted position (see note 6.3).

6.5 Creditors: amounts falling due within one year

	2015 £	2014 £
Trading Party balances	58,563,903	68,714,000
Security deposits lodged by Trading Parties	56,096,280	63,538,047
	114,660,183	132,252,047

Trading Party balances represent amounts due to trading parties under Section N of the BSC for the 28 days of trading from 4 March 2015 to 31 March 2015.

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

	2015 £	2014 £
Authorised:		
100 Ordinary shares of £1 each	100	100
Called up, allotted and unpaid:		
1 Ordinary share of £1	1	1

ELEXON CLEAR LIMITED

6.7 Ultimate Parent Company

ELEXON Clear Limited is wholly owned by ELEXON Limited, which is incorporated in the United Kingdom and registered 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 100% 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.