

**NATIONAL GRID (US) INVESTMENTS 3**  
**REPORT OF THE DIRECTORS**  
**AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**



**REGISTERED NUMBER: 3867114**

## **NATIONAL GRID (US) INVESTMENTS 3**

### **REPORT OF THE DIRECTORS**

#### **FOR THE YEAR ENDED 31 MARCH 2004**

The Directors present their report and the unaudited financial statements for the year ended 31 March 2004.

#### **REVIEW OF DEVELOPMENTS**

The Company has been dormant within the meaning of Section 249A of the Companies Act 1985 throughout the year. The Directors anticipate that the Company will remain dormant for the foreseeable future.

#### **PROFIT AND LOSS ACCOUNT**

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses during the year under review or the preceding accounting period. There have been no movements in shareholders' funds during the year under review or the preceding accounting period.

#### **DIRECTORS**

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

DC Forward  
SF Noonan (Resigned 30 July 2004)  
RF Pettifer

#### **DIRECTORS' INTERESTS IN SHARES**

The interests of SF Noonan and RF Pettifer at 31 March 2004 in group companies are disclosed in the financial statements of the parent undertaking, National Grid (US) Holdings Limited. The interests of the other Director, shown in the register maintained by the Company in accordance with Section 325 of the Companies Act 1985, were as follows:

##### **Ordinary shares in National Grid Transco plc ('NGT')**

##### **Employee ShareSave options**

	<b>1 April 2003</b>	<b>Granted</b>	<b>Lapsed</b>	<b>31 March 2004</b>
DC Forward	2,700	5,000	2,700	5,000

##### **Beneficial interests in shares**

	<b>1 April 2003</b>	<b>31 March 2004</b>
DC Forward	7,135	8,560

All the above interests at 31 March 2004 relate to Ordinary shares of 10p each in NGT, which the Directors consider to be the ultimate holding company.

**NATIONAL GRID (US) INVESTMENTS 3**  
**REPORT OF THE DIRECTORS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**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 year.

**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.

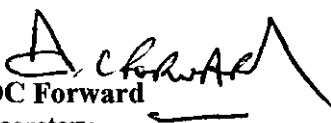
The Directors consider that in preparing the financial statements, suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used and that applicable accounting and financial reporting standards have been followed.

**AUDITORS**

The Company currently qualifies as a dormant company under the provisions of the Companies Act 1985 and is not required to appoint auditors as otherwise required by that Act. Accordingly, the former auditors, PricewaterhouseCoopers LLP, resigned from 30 March 2004, and were not replaced.

**FOR THE BOARD**

**REGISTERED OFFICE**  
1-3 STRAND  
LONDON  
WC2N 5EH

  
**DC Forward**  
Secretary  
24 January 2005

**NATIONAL GRID (US) INVESTMENTS 3**

**BALANCE SHEET**

**AT 31 MARCH 2004**

	Note	2004 £	2003 £
<b>Current asset</b>			
Amount owed by a Group undertaking		2	2
<b>Net assets employed</b>		<u>2</u>	<u>2</u>
<b>Capital &amp; reserves</b>			
Called up share capital	4	2	2
<b>Equity shareholders' funds</b>		<u>2</u>	<u>2</u>

Throughout the year ending on the date to which this balance sheet has been prepared the Company was dormant; being entitled to exemption under section 249AA(I) of the Companies Act 1985 from the provisions of Part VII of that Act relating to the audit of accounts, and no member has required the Company to obtain an audit of its accounts for that period in accordance with sub-section 249B(2) of that Act.

The Directors acknowledge their responsibility for:

- a) Ensuring the company keeps accounting records which comply with section 221;
- b) Preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company

These financial statements were approved by the Board of Directors on 24 January 2005 and signed on its behalf by:



**R F Pettifer**  
Director

**NATIONAL GRID (US) INVESTMENTS 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**1. Accounting Policies**

**(a) Basis of Accounting**

The financial statement has been prepared under the historical cost convention and in accordance with applicable Accounting and Financial Reporting Standards in the United Kingdom.

**2. Profit and loss account**

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses during the year under review or the preceding financial year. There have been no movements in shareholders' funds during the year under review or in the preceding periodical year.

**3. Directors and employees**

No emoluments were payable to the Directors, who were the only employees of the Company during the current and preceding financial year.

**4. Called up share capital**

	2004 £	2003 £
<b>Authorised £100 ordinary shares of £1 each</b>		
<b>Called up, allotted and fully paid ordinary shares of £1 each</b>	<u>2</u>	<u>2</u>

**5. Related party transactions and ultimate parent company**

The Company is exempt from disclosing transactions with those group companies within the National Grid Transco plc group of companies 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 plc group of companies.

The ultimate parent and controlling company is National Grid Transco plc and the immediate parent company is National Grid (US) Holdings Limited. The smallest controlling company for which consolidated financial statements are prepared is National Grid Transco plc. Both of these companies are registered in England and Wales.

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