

2337092

NGC ONE LIMITED

REPORT OF THE DIRECTORS

AND FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31 MARCH 1996



NGC ONE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 1996

The directors present their report and the audited financial statements of the company for the year ended 31 March 1996.

PRINCIPAL ACTIVITY

The company is an investment company. During the year the company has sought opportunities for overseas equity investment.

The company is a wholly owned subsidiary undertaking of The National Grid Company plc, which is itself a wholly owned subsidiary of The National Grid Group plc. Both companies are incorporated in Great Britain.

RESULTS AND DIVIDENDS

The loss for the financial year before and after taxation was £4,845,144 (1995 - £3,049,822). The retained loss has been transferred from reserves.

The directors do not recommend the payment of a dividend (1995 - £nil).

DIRECTORS

The directors of the company throughout the year were J R Uttley, D H Elsey, A Matthews and A E Marks.

NGC ONE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 1996 (continued)

DIRECTORS' INTERESTS IN SHARES

The interests of the directors as shown in the register are maintained by the company in accordance with section 325 of the Companies Act 1985. The interests of Mr J R Uttley in group companies are disclosed in the accounts of the ultimate parent company, The National Grid Group plc. The interests of the other directors are as follows:-

Ordinary shares of 10p each in The National Grid Group plc.

Employee ShareSave Options

	1 April 1995	Granted in year	Exercised in year	31 March 1996
D H Elsey	-	-	-	-
A E Marks	27,203	2,129	9,903	19,429
A Matthews	-	4,259	-	4,259

Executive Share Options

	1 April 1995	Granted in year	Exercised in year	31 March 1996
D H Elsey	146,471	-	-	146,471
A E Marks	-	-	-	-
A Matthews	-	-	-	-

Shares Beneficially Owned

	At 1 April 1995	At 31 March 1996
D H Elsey	37,252	37,652
A E Marks	-	4,496
A Matthews	-	421

Note: The number of options held at 1 April 1995 and the options exercise prices have been adjusted as a consequence of the capital reconstruction described in the Report and Accounts 1995/96 of The National Grid Group plc.

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.

NGC ONE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 1996 (continued)

TAXATION STATUS

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

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.

AUDITORS

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



D C Forward
Secretary

4 June 1996

REGISTERED OFFICE

185 PARK STREET
LONDON
SE1 9DY

REGISTERED NUMBER: 2537092

NGC ONE LIMITED
REPORT OF THE AUDITORS TO
THE MEMBERS OF NGC ONE LIMITED

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

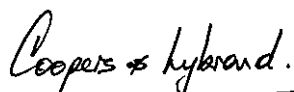
Basis of opinion

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 mis-statement, 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 affairs of the company as at 31 March 1996 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and
Registered Auditors
London

4 June 1996

NGC ONE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1996

	Notes	1996 £'000	1995 £'000
Operating costs - continuing operations	2	(4,851.0)	(3,055.0)
Operating loss - continuing operations		(4,851.0)	(3,055.0)
Net interest	4	6.0	5.2
Loss on ordinary activities before taxation		(4,845.0)	(3,049.8)
Taxation	5	-	-
Loss on ordinary activities after taxation	10	(4,845.0)	(3,049.8)

The company has no recognised gains and losses other than the loss for the year above and therefore no separate statement of total recognised gains and losses has been presented.

NGC ONE LIMITED

BALANCE SHEET

AT 31 MARCH 1996

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Fixed asset investment	6	10,376.5	10,376.5
CURRENT ASSETS			
Current asset investment	7	95.3	95.3
Amounts due to Parent undertaking		(9,849.0)	(5,004.0)
Net current liabilities		(9,753.7)	(4,908.7)
		622.8	5,467.8
CAPITAL AND RESERVES			
Called up share capital	8	0.1	0.1
Share premium account	9	10,376.4	10,376.4
Profit and loss account	9	(9,753.7)	(4,908.7)
Equity shareholders' funds	10	622.8	5,467.8

The financial statements on pages 5 to 9 were approved by the board of directors on 4 June 1996 and signed on its behalf by:

J R Uttley, OBE
Director

A Matthews
Director

NGC ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

1 ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared under the historical cost convention.

b) Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting and financial reporting standards in the United Kingdom.

In accordance with s228 of the Companies Act 1985, the company is exempt from preparing consolidated financial statements, as it is a wholly owned subsidiary of The National Grid Group plc.

As permitted by Financial Reporting Standard 1, 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.

c) Fixed Asset Investment

The investment is stated at cost.

2 OPERATING COSTS

Operating costs represent charges made by the Parent undertaking relating to new business ventures.

3 DIRECTORS' EMOLUMENTS

The emoluments of the directors are paid by the Parent 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.

4 NET INTEREST

	1996 £'000	1995 £'000
Interest receivable and similar income	6.0	6.0
Interest payable and similar charges	-	(0.8)
	<u>6.0</u>	<u>5.2</u>

NGC ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 1996

4 NET INTEREST (Continued)

Interest receivable during the year arose on an investment listed on the London Stock Exchange.

5 TAXATION

Tax losses of approximately £4.8 million (1995 - £3.0 million) have been generated in the year to 31 March 1996 which will be made available to The National Grid Company plc as group relief.

6 FIXED ASSET INVESTMENT

Shares at cost in subsidiary undertaking: £'000

At 1 April 1995 and at 31 March 1996 10,376.5

The investment relates to ordinary shares in NGC International Limited, a wholly owned subsidiary undertaking incorporated in Great Britain. The principal activity of this company is an investment company.

7 CURRENT ASSET INVESTMENT

The current asset investment comprises £100,000 nominal, 6% Treasury stock 1999, listed on London Stock Exchange with a cost of £95,300 (1995 - £95,300) and a market value of £95,300 (1995 - £91,300).

8 SHARE CAPITAL

Authorised share capital 100 (1995:100) ordinary shares of £1 each.

Allotted, called up and fully paid	1996 £	1995 £
At 31 March	100	100
	<u> </u>	<u> </u>
	Number	Number
At 31 March	100	100
	<u> </u>	<u> </u>

NGC ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 1996

9 RESERVES

	Share Premium £'000	Profit & Loss Account £'000
At 1 April 1995	10,376.4	(4,908.7)
Loss for the year	-	(4,845.0)
At 31 March 1996	<u>10,376.4</u>	<u>(9,753.7)</u>

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Loss for the financial year	(4,845.0)	(3,049.8)
New share capital issued	-	0.1
Share premium on new share capital issue	-	10,376.4
Net addition to shareholders' funds	<u>(4,845.0)</u>	<u>7,326.7</u>
Opening shareholders' funds	5,467.8	(1,858.9)
Closing shareholders' funds	<u>622.8</u>	<u>5,467.8</u>

11 ULTIMATE HOLDING COMPANY

The ultimate holding company is The National Grid Group plc, and the immediate holding 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 Group Company Secretariat, The National Grid Company plc, 185 Park Street, London SE1 9DY.