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THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 15 MARCH 1994



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THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

CONTENTS	PAGE
COMPANY INFORMATION	2
REPORT OF THE DIRECTORS	3 - 4
STATEMENT OF DIRECTORS' RESPONSIBILITIES	5
REPORT OF THE AUDITORS	6
PROFIT AND LOSS ACCOUNT	7
BALANCE SHEET	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 12

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

COMPANY INFORMATION

DIRECTORS

Dr Margaret Downes (IRL)
Michael Drew (IRL)
Donal P Flinn (IRL)
Aengus Murphy (IRL)
Martin O'Donovan (UK)
Walter T Robinson (UK)
John R Uttley (UK) (Alternate)
Dennis H Elsey (UK) (Alternate)

SECRETARY AND REGISTERED OFFICE

Madeline Gorman
National Grid House
185 Park Street
London SE1 9DY

AUDITORS

Coopers & Lybrand
Chartered Accountants
Fitzwilton House
Wilton Place
Dublin 2

SOLICITORS

McCann Fitzgerald
2 Harbourmaster Place
Custom House Dock
Dublin 1

Wilde Sapte
Queensbridge House
60 Upper Thames Street
London EC4V 3BD

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited accounts of The National Grid Investments (Ireland) Company for the year ended 15 March 1994. The comparative period is from 1 April 1992 to 15 March 1993.

1. PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The National Grid Investments (Ireland) Company is an international finance company operating within the International Financial Services Centre in Dublin, Ireland, and is engaged in trading international money market instruments.

2. RESULTS FOR THE PERIOD AND STATE OF AFFAIRS AT 15 MARCH 1994

	YEAR ENDED 15/03/1994 STG£	PERIOD ENDED 15/03/1993 STG£
Profit on ordinary activities before taxation	9,332,527	8,100,387
Taxation	<u>2,612,766</u>	<u>1,463,673</u>
Profit for the financial period	6,719,761 =====	6,636,714 =====

The directors consider the company's trading performance and its state of affairs to be satisfactory.

3. DIVIDENDS AND RETENTION

The Directors paid a dividend of Stg£5,000,000 during the year. Profit retained at the end of the year amounted to £2,026,608.

4. FUTURE DEVELOPMENTS

The Directors continue to keep the scale of the Company's trading operations under review.

5. DIRECTORS

The Directors who held office during the year under review were:-

Dr Margaret Downes
Michael Drew
Donal P Flinn
Aengus Murphy
Martin O'Donovan
Walter T Robinson
John R Uttley (Alternate)
Dennis H Elsey (Alternate)

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

REPORT OF THE DIRECTORS (Continued)

6. DIRECTORS INTERESTS

The interests of the Directors of the company at 15 March 1994 in the shares of National Grid Holding plc were as follows:

	<u>Option to acquire Ordinary Shares of 10p each</u>	
	<u>15 March 1994</u>	<u>15 March 1993</u>
Martin O'Donovan	7,214	7,214
John R Uttley	108,514	101,714
Dennis H Elsey	39,700	37,900

7. AUDITORS

The auditors, Coopers & Lybrand, Chartered Accountants, have expressed their willingness to continue in office and a resolution to re-appoint them will be submitted at the Annual General Meeting.

By Order of the Board:



} Secretary

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law 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 for that year.

The directors consider that in the preparation of the financial statements, suitable accounting policies have been used and applied consistently, supported by reasonable and prudent judgements and estimates. Applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis. The directors are also responsible for the maintenance of adequate accounting records and the taking of such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud or any other irregularities.

ON BEHALF OF THE BOARD

Samuel [Signature]

*Raymond Murphy, }
Director*

DIRECTORS

AUDITORS' REPORT

TO THE MEMBERS OF THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

We have audited the financial statements on pages 7 to 12 which have been prepared under the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

As described on page 5, 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.

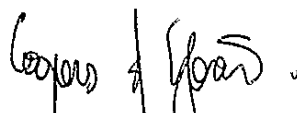
Basis of Opinion

We 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 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 of the state of the company's affairs as at 15 March 1994 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act, 1985 as applicable to an unlimited company.


COOPERS & LYBRAND

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 15 MARCH 1994

		YEAR ENDED 15/03/1994 STGE	PERIOD ENDED 15/03/1993 STGE
	NOTES		
Trading income	2	9,612,970	8,309,608
Administrative expenses		<u>(280,443)</u>	<u>(209,221)</u>
Profit on ordinary activities before taxation	3	9,332,527	8,100,387
Taxation	4	<u>(2,612,766)</u>	<u>(1,463,673)</u>
Profit for the financial year		6,719,761	6,636,714
Dividends	5	<u>(5,000,000)</u>	<u>(6,680,000)</u>
Retained surplus/(deficit) for the year		1,719,761	(43,286)
Surplus brought forward at end of period		<u>306,847</u>	<u>350,133</u>
Surplus carried forward at end of period		<u>2,026,608</u> =====	<u>306,847</u> =====

The company has no recognised gains or losses other than those included in the profits above and, therefore, no separate statement of total recognised gains or losses has been presented.

All the above profits are in respect of continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profits for the year stated above and their historical cost equivalents.


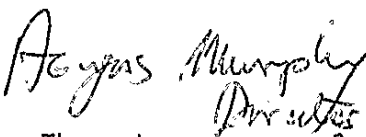
The notes on pages 9 to 12 form part of these financial statements.

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

BALANCE SHEET AS AT 15 MARCH 1994

		1994 STG£	1993 STG£
	NOTES		
CURRENT ASSETS			
Investments	6	163,828,254	159,285,821
Debtors	7	956,244	2,530,340
Cash at Bank		<u>NIL</u>	<u>500</u>
		164,784,498	161,816,661
CURRENT LIABILITIES			
Creditors - Amounts falling due within one year	8	<u>(2,757,890)</u>	<u>(1,509,814)</u>
NET ASSETS		<u>162,026,608</u> =====	<u>160,306,847</u> =====
FINANCED BY CAPITAL AND RESERVES			
Called-up share capital	9	160,000,000	160,000,000
Profit and loss account	10	<u>2,026,608</u>	<u>306,847</u>
		<u>162,026,608</u> =====	<u>160,306,847</u> =====

The financial statements were approved by the Board of Directors on 25/5/94
and signed on its behalf by:-

 }
 DIRECTORS
 }
 Directors

The notes on pages 9 to 12 form part of these financial statements.

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared under the historical cost convention.

(b) Foreign Currencies

Transactions during the year have been translated at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated to sterling pounds at the rates of exchange ruling at the balance sheet date. The resulting profits/losses are dealt with in the profit & loss account.

2. TRADING INCOME

Trading income comprises solely interest income from investments.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is arrived at after charging:

	YEAR ENDED 15/03/1994 STG£	PERIOD ENDED 15/03/1993 STG£
Auditors remuneration	2,000	2,000
Directors' emoluments	38,166	36,167
	=====	=====

The company has no employees.

4. TAXATION

Taxation on the profit for the period:

	YEAR ENDED 15/03/1994 STG£	PERIOD ENDED 15/03/1993 STG£
Corporation tax at 40%	3,743,099	3,240,382
Relief under S.39 FA 1980	(1,035,617)	(1,776,709)
	2,707,482	1,463,673
Adjustment relating to prior period	(94,716)	-
	2,612,766	1,463,673
	=====	=====

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. DIVIDENDS

	YEAR ENDED 15/03/1994 STG£	PERIOD ENDED 15/03/1993 STG£
Paid 3.125p (1993: 4.175p) per ordinary share	5,000,000 =====	6,680,000 =====

6. INVESTMENTS

Investments which consist of Deposits in Prime Banks, Commercial Paper and Medium Term Notes are stated at cost. In the opinion of the directors, the market value of investments is not less than Stg£163,828,254 (1993: Stg£159,285,821).

7. DEBTORS

	1994 STG£	1993 STG£
Amounts falling due within one year:		
Prepayments and accrued income	956,244 =====	2,530,340 =====

8. CREDITORS

	1994 STG£	1993 STG£
Amounts falling due within one year:		
- Corporation tax	2,707,482	1,461,705
- Accruals	50,408	48,109
	2,757,890 =====	1,509,814 =====

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. CALLED-UP SHARE CAPITAL

	1994 STG£	1993 STG£
Authorised: 160,000,000 Ordinary shares of Stg£1 each	160,000,000 =====	160,000,000 =====
Allotted called-up and fully paid: 160,000,000 Ordinary shares of Stg£1 each	160,000,000 =====	160,000,000 =====

Reconciliation of Shareholders' Funds

	1994 STG£	1993 STG£
Shareholders' funds at beginning of period	160,306,847	50,350,133
Share capital issued	-	110,000,000
Retained profit for the period	6,719,761	6,636,714
Dividends paid	(5,000,000)	(6,680,000)
Shareholders funds at end of period	162,026,608 =====	160,306,847 =====

10. PROFIT & LOSS ACCOUNT

	1994 STG£	1993 STG£
Retained profit carried forward	2,026,608 =====	306,847 =====

11. CASH FLOW STATEMENT

The company has not prepared a cash flow statement as its ultimate holding company, The National Grid Company plc, has confirmed that it is incorporating a consolidated cash flow statement, prepared in accordance with Financial Reporting Standard Number 1, into its consolidated accounts for the year ended 31 March 1994.

12. COMMITMENTS

The company has entered into a management and administrative services agreement with Ulster International Finance (UIF). Under this agreement, UIF has undertaken to provide certain services to the company and to provide or obtain necessary operating facilities. In return, the company has agreed to pay to UIF an annual fee for the services provided.

THE NATIONAL GRID INVESTMENTS (IRELAND) COMPANY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. HOLDING COMPANY

The company is a subsidiary of NGC Two Limited, (a company incorporated in the United Kingdom) and its ultimate holding company is The National Grid Company plc, (a company incorporated in the United Kingdom).

14. REPORTING CURRENCY

The financial statements are denominated in sterling pounds.