

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)
REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

REGISTERED NUMBER: 2630510



NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2002

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2002.

CHANGE OF NAME

The Company changed its name from NGC Settlements Limited to National Grid Properties Limited on 17 October 2001

PRINCIPAL ACTIVITY

The Company commenced trading as a property development company in March 2002. Prior to this date the Company did not have any trading activities

RESULTS AND DIVIDENDS

The profit for the year after taxation was £750.

The directors do not recommend payment of a dividend.

FUTURE DEVELOPMENTS

The Company will continue to act as a property development company for the foreseeable future.

DIRECTORS

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

D S Carter (appointed 15 January 2002)
D C Forward (resigned 15 January 2002)
A B Kay (appointed 15 January 2002)
P N Phillips (resigned 15 January 2002)
L C Ryan (appointed 15 January 2002)

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)

REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

DIRECTORS' INTERESTS IN SHARES

The interests of the directors at 31 March 2002 as 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 Group plc (New NGG)

Employee sharesave options

	At 1 April 2001 or on appointment	Granted	Exercised	At 31 March 2002
D S Carter	2,655	-	-	2,655
A B Kay	15,507	-	(11,815)	3,692
L C Ryan	5,007	-	-	5,007

Executive share options

	At 1 April 2001 or on appointment	Granted	Exercised	At 31 March 2002
D S Carter	25,030	-	(13,766)	11,264
A B Kay	41,545	-	-	41,545
L C Ryan	14,870	-	(1,330)	13,540

Shares beneficially owned

	At 1 April 2001 or on appointment	At 31 March 2002
D S Carter	8,861	8,861
A B Kay	96	11,911
L C Ryan	17,417	11,457

All the above interests at 31 March 2002 relate to Ordinary shares of 10p each in New NGG, which the Directors consider to be the ultimate holding company. On 31 January 2002 all existing interests held in National Grid Group plc ("Old NGG") relating to Ordinary shares of 11 and 13/17p each were replaced by interests in the same number of shares in New NGG on transfer of the listing to New NGG. On the same date Old NGG changed its name to National Grid Holdings One plc. Following its merger with Lattice Group plc on 21 October 2002, New NGG changed its name to National Grid Transco plc.

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)

REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

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. The directors also confirm that the going concern basis is appropriate.

AUDITORS

The Company has taken advantage of the provisions of section 379A of the Companies Act 1985 that enable it to dispense with the requirement to appoint auditors annually. Accordingly, PricewaterhouseCoopers will remain in office until further notice.

FOR THE BOARD



DC Forward

Secretary

20 November 2002

REGISTERED OFFICE

1 - 3 STRAND
LONDON
WC2N 5EH

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)

INDEPENDENT AUDITORS REPORT TO

THE MEMBERS OF NATIONAL GRID PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

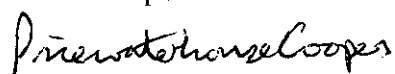
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board.

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 at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
20 November 2002

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2002

		2002
	Notes	£'000
Turnover	2	1
Cost of sales		-
Profit on ordinary activities before taxation		<u>1</u>
Tax on profit on ordinary activities		-
Profit on ordinary activities after taxation, being retained profit for the year		<u>1</u>

The results reported above relate to continuing operations.

The Company has no recognised gains and losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

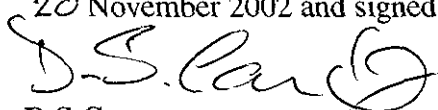
NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)

BALANCE SHEET

AT 31 MARCH 2002

		2002	2001
	Notes	£'000	£'000
Fixed Assets			
Tangible assets	6	71,546	-
Investments	7	321	-
		<u>71,867</u>	<u>-</u>
Current Assets			
Debtors	8	26	-
Cash at bank		21	-
		<u>47</u>	<u>-</u>
Creditors: amounts falling due within one year	9	(37,107)	-
Net current liabilities		<u>(37,060)</u>	<u>-</u>
Net assets employed		<u>34,807</u>	<u>-</u>
Capital and reserves			
Called up share capital	10	34,806	-
Profit and loss account	11	1	-
Equity shareholders' funds	12	<u>34,807</u>	<u>-</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 20 November 2002 and signed on its behalf by:



D S Carter
Director

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting and financial reporting standards.

During the year, the Company adopted Financial Reporting Standard (FRS) 18 "Accounting Policies". There has been no material impact to the Company of adopting FRS18.

b) Basis of preparation

As permitted by FRS 1 (Revised 1996) "Cash Flow Statements", no cash flow statement has been presented as the cash flows of the Company have been included in the consolidated cash flow statement of National Grid Group plc, the ultimate parent company.

c) Tangible fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at their historic cost less accumulated depreciation and any provisions for impairment. Assets are depreciated on a straight line basis at rates estimated to write off their book values over their estimated useful economic lives, which are reviewed on a regular basis. All the Company's tangible fixed assets relate to freehold properties which are depreciated over periods of up to 40 years. Impairments are calculated such that the carrying value of the tangible fixed asset is not stated at a value in excess of the higher of its net realisable value and its value in use.

d) Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost compared with the higher of its net realisable value and its value in use.

e) Turnover

Turnover represents the amounts receivable for goods supplied excluding Value Added Tax.

2 Turnover

The Company's activities relate solely to property development in the United Kingdom.

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2002

3 Directors' emoluments

The emoluments of the directors are paid by a Group 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 Audit fees

Audit fees for the year ended 31 March 2002 were borne by the ultimate parent undertaking.

5 Tangible Fixed Assets

	Land and buildings £'000
Cost	
At 1 April 2001	-
Additions	71,546
At 31 March 2002	<u>71,546</u>
Depreciation	
At 1 April 2001	-
Charge for the year	-
At 31 March 2002	<u>-</u>
Net Book value at 31 March 2002	<u>71,546</u>
Net Book value at 31 March 2001	<u>-</u>

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2002

6 Fixed Asset Investments

Shares in group undertakings

Cost and net book value	£'000
At 1 April 2001	-
Additions	321
At 31 March 2002	321

The fixed asset investment at 31 March 2001 represented the whole of the ordinary share capital of National Grid Properties Developments Limited, a property trading company incorporated in the United Kingdom.

7 Debtors

	2002	2001
	£'000	£'000
Trade debtors	26	-
	<u>26</u>	<u>-</u>

All amounts are receivable within one year.

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2002

9 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Trade creditors and accruals	83	-
Amounts owed to Group undertakings	37,024	-
	<u>37,107</u>	<u>-</u>

10 Share capital

Ordinary shares of £1 each

	2002		2001	
	Number	£'000	Number	£'000
Authorised	34,806,296	34,806	100	-
Allotted, called up and fully paid	34,806,296	34,806	2	-

During the year, 34,806,294 ordinary shares were issued at par.

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2002

11 Profit and loss account

	£'000
At 1 April 2001	-
Profit for the year	1
	<hr/>
At 31 March 2002	1
	<hr/>

12 Reconciliation of movement in equity shareholders' funds

	2002	2001
	£'000	£'000
Opening equity shareholders' funds	-	-
Profit on ordinary activities after taxation	1	-
Share capital issued in period	34,806	-
	<hr/>	<hr/>
Closing equity shareholders' funds	34,807	-
	<hr/>	<hr/>

NATIONAL GRID PROPERTIES LIMITED
(FORMERLY NGC SETTLEMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2002

13 Related party transactions and ultimate parent company

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

The ultimate parent and largest controlling company for which consolidated financial statements are prepared is National Grid Group plc. Following its merger with Lattice Group plc on 21 October 2002, National Grid Group plc changed its name to National Grid Tranco plc. The immediate parent company and smallest controlling company for which consolidated financial statements are prepared is National Grid Holdings Limited. Both companies are incorporated in Great Britain.

Copies of their consolidated financial statements can be obtained from the Company Secretary at the registered office, 1-3 Strand, London, WC2N 5EH