

Lattice Group plc

INTERIM ACCOUNTS - EIGHT MONTHS ENDED 30 NOVEMBER 2005

Registered in England and Wales No. 3900804



LD3 *L1MD8BDH* 336
COMPANIES HOUSE 20/12/2005

Lattice Group plc

Accounting policies

a) Basis of preparation

The accounts have been prepared on a going concern basis under the historical cost convention and are properly prepared in accordance with Section 226 of the Companies Act 1985 except for those matters which are not material for determining whether a distribution is legal under Section 270 of that Act.

b) Fixed asset 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 or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

c) Deferred taxation

Deferred taxation is provided in full on all material timing differences, with certain exceptions.

No provision for deferred taxation is made for any timing differences on non-monetary assets arising from fair value adjustments, except where there is a binding agreement to sell the assets concerned. However, no provision is made where it is more likely than not that any taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that they are recoverable. Deferred tax balances have not been discounted.

d) Dividends receivable

Dividends receivable are recognised in the accounts when declared.

Lattice Group plc**Profit and loss account**

for the eight months ended 30 November 2005

| | Notes | Eight months ended 30 November 2005 £m | Year ended 31 March 2005 £m |
|--|-------|---|--|
| Operating profit | | - | - |
| Income from shares in Group undertakings | 1 | 1,250 | 2,530 |
| Net interest | 2 | (7) | 37 |
| Profit on ordinary activities before taxation | | 1,243 | 2,567 |
| Taxation | 3 | 2 | (15) |
| Profit on ordinary activities after taxation | | 1,245 | 2,552 |
| Dividends | 4 | - | (2,150) |
| Retained profit for the period | 10 | 1,245 | 402 |

The Company has no recognised gains and losses other than the profit for the periods stated above and therefore no separate statement of total recognised gains and losses has been presented.

Lattice Group plc

Balance sheet

at 30 November 2005

| | Notes | 30 November 2005 £m | 31 March 2005 £m |
|--|-------|---------------------------|------------------------|
| Fixed assets | | | |
| Investments | 5 | 670 | 670 |
| | | 670 | 670 |
| Current assets | | | |
| Debtors | 6 | 2,224 | 3,919 |
| | | 2,224 | 3,919 |
| Creditors (amounts falling due within one year) | 7 | (686) | (3,626) |
| Net current assets | | 1,538 | 293 |
| Total assets less current liabilities | | 2,208 | 963 |
| Provisions for liabilities and charges | 8 | (159) | (159) |
| Net assets employed | | 2,049 | 804 |
| Capital and reserves | | | |
| Called up share capital | 9 | 361 | 361 |
| Share premium account | 10 | 3 | 3 |
| Other reserves | 10 | 14 | 14 |
| Profit and loss account | 10 | 1,671 | 426 |
| Equity shareholders' funds | | 2,049 | 804 |

Debtors include amounts falling due after more than one year of £60m (March 2005: £60m)

The accounts on pages 1 to 6 inclusive were approved by the Board of Directors on 20 December 2005 and were signed on its behalf by:

Director 

20 DEC 2005

Lattice Group plc

Notes to the accounts

1. Income from shares in Group undertakings

| | Eight months ended 30 November 2005 £m | Year ended 31 March 2005 £m |
|---|---|--|
| Ordinary dividends received and receivable from National Grid Gas Holdings plc | 1,250 | 2,450 |
| Ordinary dividends received and receivable from National Grid Commercial Holdings Limited | - | 80 |
| | 1,250 | 2,530 |

2. Net interest

| | Eight months ended 30 November 2005 £m | Year ended 31 March 2005 £m |
|---|---|--|
| Interest receivable from group undertakings | 22 | 173 |
| Interest payable to group undertakings | (30) | (136) |
| Other (i) | 1 | - |
| | (7) | 37 |

i) For the eight months ended 30 November 2005, Other includes a £2m gain on disposal of a loan to a subsidiary undertaking and a £1m charge on the closure of an employee share trust.

3. Taxation

Taxation for the eight month period ended 30 November 2005 has been provided on the basis of an estimate of the effective tax rate for the year ending 31 March 2006 and has been applied to taxable profits arising.

4. Dividends

| | Eight months ended 30 November 2005 £m | Year ended 31 March 2005 £m |
|--------------------|---|--|
| Ordinary dividends | | |
| Interim | - | 2,150 |
| | - | 2,150 |

Notes to the accounts

5. Fixed asset investments

Investment in
Subsidiary
Undertakings
£m**Cost at 1 April 2005 and 30 November 2005****670**

The investment in subsidiary undertakings represents ordinary shares at cost less provision for any impairment.

The subsidiary undertakings held directly by the company are listed below. These undertakings are wholly-owned and are incorporated in Great Britain.

| | Principal activity |
|---|-----------------------|
| National Grid Gas Holdings plc | Holding company |
| National Grid Commercial Holdings Limited | Holding company |
| National Grid Grain LNG Limited | LNG terminal operator |

6. Debtors

| | 30 November 2005 £m | 31 March 2005 £m |
|---|---------------------------|------------------------|
| Amounts falling due within one year: | | |
| Amounts owed by subsidiary undertakings | 1,690 | 3,599 |
| Amounts owed by parent | 469 | 254 |
| Other debtors | 5 | 6 |
| | 2,164 | 3,859 |
| Amounts falling due after more than one year: | | |
| Deferred tax | 26 | 26 |
| Other debtors | 34 | 34 |
| | 60 | 60 |
| Total debtors | 2,224 | 3,919 |

7. Creditors (amounts falling due within one year)

| | 30 November 2005 £m | 31 March 2005 £m |
|---|---------------------------|------------------------|
| Trade creditors and accruals | 18 | 2 |
| Amounts owed to subsidiary undertakings | 636 | 3,609 |
| Amounts owed to parent | 27 | 8 |
| Other creditors | 5 | 7 |
| | 686 | 3,626 |

8. Provisions for liabilities and charges

| | Pensions £m | Total provisions £m |
|--------------------------------------|----------------|---------------------------|
| At 1 April 2005 and 30 November 2005 | 159 | 159 |

9. Share capital

| | Authorised Millions | £m | Allotted, called up and fully paid Millions | £m |
|--------------------------------------|------------------------|-----|--|-----|
| Ordinary shares of 10p each | | | | |
| At 1 April 2005 and 30 November 2005 | 5,000 | 500 | 3,613 | 361 |

10. Reserves

| | Share premium account £m | Other reserves £m | Profit and loss account £m |
|--------------------------------|-----------------------------------|-------------------------|-------------------------------------|
| At 1 April 2005 | 3 | 14 | 426 |
| Retained profit for the period | - | - | 1,245 |
| At 30 November 2005 | 3 | 14 | 1,671 |

11. Reconciliation of movement in equity shareholders' funds

| | 30 November 2005 £m | 31 March 2005 £m |
|---|---------------------------|------------------------|
| Profit for the period | 1,245 | 2,552 |
| Dividends | - | (2,150) |
| | 1,245 | 402 |
| Equity shareholders' funds at start of period | 804 | 402 |
| Equity shareholders' funds at end of period | 2,049 | 804 |

12. Holding company

The Company's ultimate holding company is National Grid plc, which is incorporated in Great Britain and registered in England and Wales.