

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

DIRECTORS' REPORT AND ACCOUNTS

PERIOD ENDED 31 MARCH 2004



Company Registered Number: 4045072

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

REPORT AND ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2004

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LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

Company number
4045072

REPORT OF THE DIRECTORS

The Directors submit their report and the financial statements of the Company for the period ended 31 March 2004.

Principal Activities

During the period under review, and for the immediate future, the principal activity of the Company was the provision of trustee services to certain subsidiary companies of Lattice Group plc, in accordance with the terms of the Trust Deed dated 31 August 2001 of the Lattice Group Employee Benefit Trust.

Dividend

The Directors do not propose to declare a dividend for the period ended 31 March 2004 (2003: nil).

Directors and their interests

The directors who held office during the period are given below:-

Ms P Fulker
Ms M Singleterry
Mr A B Chapman

Directors' Interests

No director had an interest in any contract to which the Company was a party. No director had any beneficial interest in the shares of the Company or any other company within the National Grid Transco Group except for their beneficial interests in the shares of the ultimate parent Company, National Grid Transco plc, as follows:-

Beneficial interest in ordinary shares

	1 April 2003	31 March 2004
Ms P Fulker	19,736	22,882
Ms M Singleterry	2,756	6,054
Mr A B Chapman	9,104	9,324

Holdings of interests in ordinary shares include shares acquired pursuant to the Lattice All Employee Share Ownership Plan and the National Grid Transco Share Incentive Plan.

Share Options

	Options as at 1 April 2003	Options exercised during the period	Options lapsed during the period	Options granted during the period	Options as at 31 March 2004
Ms P Fulker	29,993	10,598	2,815	2,910	19,490
Ms M Singleterry	3,078	3,078	0	2,910	2,910
Mr A B Chapman	91,420	0	0	0	91,420

All options were given under the ultimate parent company's Savings Related Share Option Schemes and Executive Share Option Schemes, details of which are given in that company's annual report and accounts.

Additionally Mr Chapman held interests in the National Grid Share Matching Scheme as follows:-

	Allocation date	No of Shares purchased	Purchase Price	Matching option*
Mr A B Chapman	25 June 2001	579	£5.795	965
Mr A B Chapman	18 June 2002	1,176	£4.7825	1,960
Mr A B Chapman	24 June 2003	1,378	£402.75	2,367

*The Matching option is exercisable at £1.00 per option, between 3 and 10 years from the date of grant.

Performance Share Plan Interests

	Beneficial Holding at 1 April 2003	Awarded in year	Beneficial holding at 31 March 2004	Release date
Ms P Fulker	0	29,611	29,611	27 June 2007
Ms M Singleterry	0	0	0	-
Mr A B Chapman	0	20,481	20,481	27 June 2007

All interests held in accordance with the National Grid Transco Performance Share Plan details of which are given in the annual report and accounts of that company

Payment of Creditors Policy

It is the Company's policy to agree the terms of payment at the start of business with each supplier, ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations.

Directors' Insurance

The ultimate parent company has purchased insurance to cover the directors against liabilities in relation to the Company.

Statement of directors' responsibilities

The Directors are required by the UK Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its income or loss for the financial period.

The Directors consider that in preparing the financial statements on pages 4 to 6 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

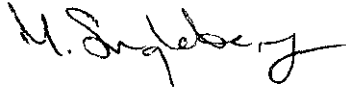
The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors, having prepared the financial statements, have requested the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their report.

Ultimate parent company

The ultimate parent company is National Grid Transco plc, which is registered in England and consolidates the accounts of the Company. Copies of the consolidated accounts of National Grid Transco may be obtained from 1-3 Strand, London WC2N 5EH.



By order of the Board
M Singletery
Company Secretary

Lattice Group Employee Benefit Trust Limited

Registered office
1-3 Strand
London WC2N 5EH

Company No: 4045072

5th January 2005

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2004

The Company has not traded during the period ended 31 March 2004 and has received no income and incurred no expenditure (2003:nil). Consequently, during the period the Company has made neither a profit nor a loss nor were there any recognised gains and losses during the period (2003:nil).

The notes on page 6 form part of these accounts.

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	<u>Notes</u>	<u>31 March 2004</u> £	<u>31 March 2003</u> £
CURRENT ASSETS			
Debtors (amount falling due within one year)	4	2	2
CAPITAL AND RESERVES			
Called up share capital	5	2	2

The company was dormant throughout the accounting period ending on the date of this balance sheet and is entitled to exemption from audit of its accounts pursuant to Section S249AA(1) of the Companies Act 1985.

No members have required the Company to obtain an audit of its accounts for the period in question in accordance with section 249B (2).

The directors acknowledge their responsibility for:-

- (i) ensuring the Company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the period under review and of its profit and loss for the financial period 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.

Approved by the Board on 5th January 2005

Director

Pat Fuller

Dated:

5/1/05

The notes on page 6 form part of these accounts.

LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED

NOTES TO THE ACCOUNTS – 31 MARCH 2004

1. **OWNERSHIP**

Lattice Group Employee Benefit Trust Limited is an indirect wholly owned subsidiary undertaking of National Grid Transco plc which is registered in England. National Grid Transco plc is the only company to consolidate the accounts of this Company. Copies of the parent company's report and accounts can be obtained from National Grid Transco plc, 1 – 3 Strand London WC2N 5EH.

2. **BASIS OF ACCOUNTING**

The accounts have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards.

3. **DIRECTORS' EMOLUMENTS AND EMPLOYEES**

No director received emoluments in respect of his services to the Company during the period (2003:nil). The Company had no employees during the period (2003:nil).

4. **DEBTORS** (amounts falling due within one year).

	<u>31 March 2004</u>	<u>31 March 2003</u>
	£	£
Amounts owed by group undertakings	2	2

5. **SHARE CAPITAL**

	<u>31 March 2004</u>	<u>31 March 2003</u>
	£	£
Authorised:		
ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid ordinary shares of £1 each	2	2