

**LATTICE GROUP EMPLOYEE BENEFIT TRUST LIMITED**

**REPORT AND ACCOUNTS  
FOR THE PERIOD FROM 1 JANUARY 2001  
TO 31 MARCH 2002**



**REGISTERED NO. 4045072**

**Lattice Group Employee Benefit Trust Limited**  
**Report and Accounts for the period from 1 January 2001 to 31 March 2002**

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**Lattice Group Employee Benefit Trust Limited**  
**Report and Accounts for the period from 1 January 2001 to 31 March 2002**

**Directors' report for the period from 1 January 2001 to 31 March 2002**

The Directors submit their report and the financial statements of the Company for the period from 1 January 2001 to 31 March 2002.

**Review of the Business**

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

**Review of results and dividend**

The Directors do not recommend the payment of a dividend for the period ended 31 March 2002 (period ended 31 December 2000; Nil). The Company did not trade during the period.

**Change in year-end**

During the period under review, the Company changed its financial year-end from 31 December 2001 to 31 March 2002 and annually thereafter to align with the accounting reference period of its parent company.

**Directors**

M Singleterry

D Bowers

P J Hicks

P Fulker

A P Poole

Appointed 21/08/2001 and resigned 18/10/2002

Appointed 13/08/2001

Appointed 13/08/2001

Resigned 13/08/2001

**Directors' interests**

The names of the persons who were Directors during the period from 1 January 2001 to 31 March 2002 are set out above. Additionally Mr A B Chapman was appointed a Director of the Company on 11/11/2002.

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 Lattice Group except for their beneficial interests in the shares of the ultimate parent Company, Lattice Group plc at the end of the period under review, as follows:-

**Beneficial Holdings**

	<b>Ordinary Shares</b> <b>1 January 2001 (or on appointment)</b>	<b>Ordinary Shares</b> <b>31 March 2002</b>
D Bowers	12,715	5,869
P J Hicks	1,996	4,278
P Fulker	Nil	4,605
M Singleterry	2,895	4,052

Beneficial interest includes shares acquired pursuant to the Lattice Group All Employee Share Ownership Plan.

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**Savings-Related Share Options**

	<u>Options over Ordinary Shares as at 1 January 2001</u> (Or on appointment)	<u>Exercised</u>	<u>Granted</u>	<u>Options over Ordinary Shares as at 31 March 2002</u>
D Bowers	8,209	-	-	8,209
P J Hicks	8,209	-	-	8,209
P Fulker	Nil	-	7,509	7,509
M Singleterry	8,209	-	-	8,209

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

**Long Term Incentive Scheme**

	<u>Ordinary Shares 1 January 2001</u> (Or on appointment)	<u>Allocated</u>	<u>Ordinary shares 31 March 2002</u>
D Bowers	120,178	54,605	174,783
P J Hicks	37,291	13,713	51,004
P Fulker	29,130	22,666	51,796
M Singleterry	4,029	-	4,029

A notional allocation of ordinary shares was made in November 2001 at a base price of £1.4559 per share. Figures represent the maximum award possible if performance criteria are met at the end of the performance period (three years) and the shares would not vest until the expiry of the retention period (a further one year).

**Payment of creditors policy**

The Company does not have any external trade creditors.

**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 5 to 7 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.

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The Directors have responsibility for ensuring that the Company keeps proper 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.

**Ultimate holding company**

The ultimate holding company during the period was Lattice Group plc, which was registered in England and consolidated the accounts of the Company. Copies of the consolidated accounts of Lattice Group plc may be obtained from 1 – 3 Strand, London, WC2N 5EH. On 21<sup>st</sup> October 2002, Lattice Group plc merged with National Grid Group plc to form National Grid Transco plc, which is now the ultimate holding company.

**By Order of the Board**



Secretary

Date:

17<sup>th</sup> January 2003

Registered Office:

1 - 3 Strand

London

WC2N 5EH

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**Balance sheet at 31 March 2002**

	Notes	As at 31 March 2002 £	As at 31 December 2000 £
<b>Current assets</b>			
Debtors: amounts falling due within one year			
Amounts due from Lattice Group Holdings Ltd for shares		2	2
<b>Net current assets</b>		<u>2</u>	<u>2</u>
<b>Net assets</b>		<u>2</u>	<u>2</u>
<b>Capital and reserves</b>			
Called up share capital	3	2	2
Profit and loss account		-	-
<b>Equity shareholders' funds</b>		<u>2</u>	<u>2</u>

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 Subsection (1) of Section S249AA 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.

The financial statements on pages 6 to 7 were approved by the Board of Directors and were signed on its behalf by:

*M. S. S. S. S.*

Director

Date: 17<sup>th</sup> January 2003

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**Notes to the financial statements**

**1. Accounting Policies**

**Basis of accounting**

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

**2. Profit and Loss Account**

There is no Profit and Loss Account accompanying the Balance Sheet because the Company had no transactions of a revenue or expense nature during the current financial period.

The Company has no employees. All of the Directors are employed by other companies within the Group, with all emoluments paid to the Directors being borne by their respective employer for their services to the Group as a whole.

**3. Called up share capital**

	As at 31 March 2002 No.	As at 31 December 2002 No.
Ordinary shares of £1 each		
Authorised	1,000	1,000
Allotted and fully paid	2	2

**4. Cash flow statements**

Lattice Group Employee Benefit Trust Limited is an indirect wholly owned subsidiary undertaking of Lattice Group plc which is registered in England and Wales and is included in the consolidated financial statements of Lattice Group plc. Consequently, the Company has taken advantage of the exemptions from preparing a cash flow statement under the terms of Financial Reporting Standard 1 'Cash flow statements' (revised 1996).

**5. Related party transactions**

The Company is also exempt, under the terms of Financial Reporting Standard 8 'Related party disclosures', from disclosing related party transactions with entities that are part of the Lattice Group plc.

**7. Ultimate parent company**

The immediate parent undertaking is Lattice Group Holdings Limited. The ultimate parent undertaking during the period was Lattice Group plc, which is registered in England and Wales. Copies of the consolidated financial statements of Lattice Group plc and Lattice Group Holdings Limited can be obtained from the registered office at 1 - 3 Strand, London, WC2N 5EH.

On 21<sup>st</sup> October 2002, Lattice Group plc merged with National Grid Group plc to form National Grid Transco plc, which is now the ultimate holding company.

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**8. Subsequent events**

On 22 April 2002, the Company's ultimate parent company, Lattice Group plc, and National Grid Group plc announced their intention to merge. The merger was ratified on 21<sup>st</sup> October 2002. Lattice Group shareholders received 0.375 new National Grid Transco shares for each Lattice Group share