

National Grid (US) Partner 2 Limited

Directors' Report

And Unaudited Financial Statements

For the year ended 31 March 2011

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National Grid (US) Partner 2 Limited

Directors' Report

For the year ended 31 March 2011

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 March 2011

Principal activity

The Company has been dormant within the meaning of the Companies Act 2006 throughout the year

Directors

The Directors of the Company during the year and up to the date of signing the financial statements were

A J Agg
M A D Flawn
G Holroyd
A M Lewis
M J Sellars
C J Waters

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

National Grid (US) Partner 2 Limited

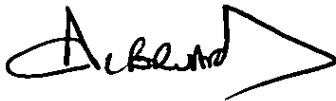
Directors' Report (continued)

For the year ended 31 March 2011

Directors' indemnities and insurance

National Grid plc indemnifies Directors and officers of subsidiary companies against liabilities arising from the conduct of National Grid's business, to the extent permitted by law, by the placing of Directors' and Officers' insurance. The insurance indemnifies individual Directors' and Officers' personal legal liability and cost for claims arising out of actions taken in connection with the business of National Grid plc and its subsidiaries.

On behalf of the Board



D C Forward
Company Secretary
14 November 2011

Registered office

1-3 Strand
London
WC2N 5EH

Registered in England and Wales
Company registration number 4314442

National Grid (US) Partner 2 Limited

Profit and loss account

For the years ended 31 March

	Note	2011 US\$'000	2010 US\$'000
Operating charges		-	(53)
		<hr/>	<hr/>
Operating loss	3	-	(53)
Interest receivable from fellow subsidiary undertakings		-	459
Interest payable and similar charges	4	-	(11)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	395
Tax on profit on ordinary activities	5	-	(128)
		<hr/>	<hr/>
Profit for the financial year transferred to reserves		-	267
		<hr/>	<hr/>

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

There are no material differences between the profit on ordinary activities before and after taxation for the financial year stated above and their historical cost equivalents

National Grid (US) Partner 2 Limited

Balance sheet

As at 31 March

	Note	2011 US\$'000	2010 US\$'000
Current assets			
Amounts owed by parent company		158	158
Net assets		<u>158</u>	<u>158</u>
Capital and reserves			
Called up share capital	6	-	-
Other equity reserve	7	75	75
Profit and loss account		83	83
Total shareholders' funds		<u>158</u>	<u>158</u>

For the year ending 31 March 2011 the Company was entitled to exemption from audit under Section 480 of the Companies Act 2006 relating to dormant companies

The Directors acknowledge their responsibility for

- Ensuring the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476 of the Companies Act 2006, and
- Ensuring that the Company has complied with the Companies Act 2006 with respect to accounting records and the preparation of accounts

The financial statements on pages 3 to 6 were approved by the Board of Directors on *14 November* 2011 and signed on its behalf by



M A D Flawn
Director

National Grid (US) Partner 2 Limited
Notes to the unaudited financial statements
For the year ended 31 March 2011

1. Accounting policies

Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting and financial reporting standards and the Companies Act 2006

2. Directors and employees

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other National Grid subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements. During the year there was one Director (2010: seven) who exercised share options in the ordinary shares of the ultimate parent company, National Grid plc.

There were no employees of the Company during the year (2010: none)

3. Operating loss

	2011 US\$'000	2010 US\$'000
Operating loss is stated after charging.		
Foreign exchange losses	-	54
	<u>-</u>	<u>54</u>

4. Interest payable and similar charges

	2011 US\$'000	2010 US\$'000
Interest payable to a fellow subsidiary undertaking	-	4
Exchange losses on revaluation of foreign currency denominated loans with fellow subsidiary undertakings	-	7
	<u>-</u>	<u>11</u>

5. Tax on profit on ordinary activities

	2011 US\$'000	2010 US\$'000
UK corporation tax	<u>-</u>	<u>128</u>

The tax assessed for the year ended 31 March 2010 was higher than the standard rate of corporation tax in the UK of 28%. The differences are explained below:

	2010 US\$'000
Profit on ordinary activities before taxation	<u>395</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	111
Effect of	
Non taxable income	15
Other	2
Total current tax charge for the year	<u>128</u>

6. Called up share capital

	2011 US\$	2010 US\$
Allotted, called up and fully paid		
100 ordinary shares of US\$0.01 each	<u>1</u>	<u>1</u>

7. Other equity reserve

The other equity reserve requests a capital contribution of US\$75,000 from the immediate parent company

8. Related party transactions and ultimate parent company

The Company is exempt under the terms of FRS8 from disclosing transactions with National Grid plc and its subsidiary undertakings where all of the voting rights are held within the group. There were no related party transactions with companies where not all of the voting rights are held within the National Grid plc group of companies.

The ultimate parent and controlling company is National Grid plc and the immediate parent company is National Grid (US) Investments 4 Limited. The largest and smallest groups which include the Company and for which consolidated financial statements are prepared, is headed by National Grid plc. Both of these companies are registered in England and Wales.

Copies of these consolidated financial statements can be obtained from the Company Secretary, National Grid plc, 1-3 Strand, London, WC2N 5EH.