

NATIONAL GRID FIFTEEN LIMITED

(A Company limited by guarantee and not having share capital)

DIRECTORS' REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008



ENGLAND AND WALES REGISTERED NUMBER: 4492534

NATIONAL GRID FIFTEEN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2008

PRINCIPAL ACTIVITY

The Company is an investment holding company and a company limited by guarantee.

DEVELOPMENT AND PERFORMANCE DURING THE YEAR

The Company obtains and provides finance to fellow National Grid plc subsidiary companies via inter company balances. The Company has not incurred any operating costs during the year as they were borne by a fellow subsidiary undertaking. The only transactions during the year related to inter company recharges previously accrued. The Directors believe the current level of activity will continue in the foreseeable future.

As the Company is part of a larger group, the management of the Company does not involve the use of key performance indicators, other than the profit or loss for the year, in measuring the development, performance or the position of the Company and the principal risks and uncertainties are integrated with the principal risks of National Grid plc. For information on the development, performance, risks, uncertainties and position of National Grid plc and its subsidiaries ('National Grid'), and of the key performance indicators used, refer to the Operating and Financial Review included in National Grid plc's Annual Report and Accounts 2007/08, which does not form part of this report.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £Nil (2007: £6,000)

The Directors do not recommend the payment of a dividend (2007: £Nil)

FINANCIAL POSITION

The financial position of the Company is presented in the balance sheet. Total member's funds at 31 March 2008 were £33,000 (2007: £33,000) comprising current assets of £55,000 (2007: £55,000) less current liabilities of £22,000 (2007: £22,000).

FINANCIAL RISK MANAGEMENT

The management of the Company and the execution of the Company's strategy are subject to a number of risks. The Directors have identified the need to manage the Company's material financial risks, including liquidity, interest rate, and credit risks. These risks are monitored through a National Grid Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for National Grid plc and its subsidiaries.

NATIONAL GRID FIFTEEN LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2008

FINANCIAL RISK MANAGEMENT (continued)

Treasury also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, whose status is kept under review

LIQUIDITY RISK

The Company finances its operations through a combination of retained profits, and inter company loans

INTEREST RATE RISK

To the extent that the Company enters into inter company loan agreements, the Company's exposure to interest risk arises on such loans on which interest is based on sterling Libor. The Company does not participate in interest rate hedging

CREDIT RISK

No material exposure is considered to exist in respect of inter company loans.

DIRECTORS

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

MAD Flawn

G Holroyd

(Appointed alternate to AM Lewis - 28 November 2007)

AM Lewis

SF Noonan

RF Pettifer

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' INDEMNITIES AND INSURANCE

National Grid plc indemnifies officers of subsidiary companies against liabilities arising from the conduct of the 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.

NATIONAL GRID FIFTEEN LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2008

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) The financial statements are required by law to 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, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that 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 1985 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

AUDIT INFORMATION

Having made the requisite enquiries, so far as the Directors in office at the date of the signing of this report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

NATIONAL GRID FIFTEEN LIMITED

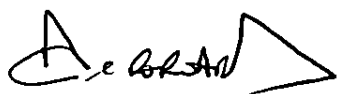
DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2008

INDEPENDENT AUDITORS

The Company has previously taken advantage of the provisions of Section 379A of the Companies Act 1985 that enable a private company to dispense with the requirement to appoint auditors annually. Accordingly, PricewaterhouseCoopers LLP will be deemed to remain in office until further notice.

ON BEHALF OF THE BOARD



DC Forward
Company Secretary
22 September 2008

REGISTERED OFFICE

1-3 STRAND
LONDON
WC2N 5EH

NATIONAL GRID FIFTEEN LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL GRID FIFTEEN LIMITED

We have audited the financial statements of National Grid Fifteen Limited for the year ended 31 March 2008 which comprise the Profit and Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities section of the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you, if in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
22 September 2008

NATIONAL GRID FIFTEEN LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEARS ENDED 31 MARCH

	Notes	2008 £'000	2007 £'000
Operating charges	3	-	(6)
Loss on ordinary activities before taxation		-	(6)
Taxation	4	-	-
Loss for the year transferred from member's funds	6	-	(6)

The results reported above relate to continuing activities

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

The Company has no recognised gains and losses other than the loss for the years stated above and therefore no separate statement of recognised gains and losses has been presented

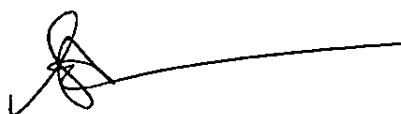
NATIONAL GRID FIFTEEN LIMITED

BALANCE SHEET

AT 31 MARCH

	Notes	2008 £'000	2007 £'000
Current assets			
Amounts owed from fellow subsidiary undertakings		55	55
Creditors: amounts falling due within one year	5	(22)	(22)
Net current assets		<u>33</u>	<u>33</u>
Net assets employed		<u>33</u>	<u>33</u>
Total member's funds	6	<u>33</u>	<u>33</u>

The financial statements on pages 6 to 10 were approved by the Board of Directors on 22 September 2008 and signed on its behalf by



SF Noonan
Director

NATIONAL GRID FIFTEEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

(a) Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards and the Companies Act 1985. These financial statements have been prepared using the historical cost convention and in accordance with the accounting policies set out below.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has taken the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'. Further, in accordance with exemptions under FRS 29 'Financial Instruments Disclosures', the Company has not presented the financial instruments disclosures required by the standard, as disclosures that comply with the standard are included in the consolidated financial statements of National Grid plc.

(b) Taxation

Current tax for the current and prior periods is provided at the amount expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(c) Financial instruments

Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and is recorded at the proceeds received, net of direct issue costs.

Loans receivable are carried at amortised cost using the effective interest rate method less any allowance for estimated impairments. A provision is established for impairments when there is objective evidence that the Company will not be able to collect all amounts due under the original terms of the loan. Interest income, together with losses when the loans are impaired are recognised in the profit and loss account.

Borrowings, which include interest-bearing loans and overdrafts, are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest rate method. Any difference between proceeds and the redemption value is recognised over the term of the borrowing in the profit and loss account using the effective interest method.

NATIONAL GRID FIFTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

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 were three Directors (2007: two) 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 (2007: Nil).

3 Operating charges

	2008 £'000	2007 £'000
Operating charges include:		
Audit fees	-	3

Audit fees for the year ended 31 March 2008 were £2,670 and were borne by a fellow subsidiary undertaking. Disclosure of non-audit fees is not required as these have been disclosed in the consolidated financial statements of National Grid plc.

4 Taxation

There is no tax credit for the current year or the previous year as no group tax relief is available to the Company given its status as a company limited by guarantee. The Company has tax losses of £21,000 (2007: £21,000 loss) to carry forward to future periods. No deferred tax asset has been recognised in these financial statements as it is not anticipated that these tax losses would be utilised in the foreseeable future.

5 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed to fellow subsidiary undertakings	22	16
Accruals	-	6
	<u>22</u>	<u>22</u>

NATIONAL GRID FIFTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

6 Member's funds

The Company is limited by guarantee (not exceeding £1 per member) and the guarantor is National Grid Eighteen Limited

**Member's
Funds
£'000**

At 1 April 2007 and at 31 March 2008

33

7 Related party transactions and ultimate parent company

The Company is exempt from disclosing transactions with National Grid plc and its subsidiaries 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 guarantor is National Grid Eighteen Limited. The largest and smallest groups which include the Company and for which consolidated financial statements are prepared are headed by National Grid plc and National Grid Holdings One plc respectively. 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.