

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED
(FORMERLY SECONDSITE (SOUTHALL) GENERAL PARTNER LIMITED)

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006

REGISTRATION NUMBER: 5123227



NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

PRINCIPAL ACTIVITIES

The principal activities of the Company are to own and develop property for the purpose of receiving rental income.

The Company passed a Special Resolution on 10 October 2005 changing the Company name to National Grid (Southall) General Partner Ltd.

PRINCIPAL RISKS AND UNCERTAINTIES

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 foreign exchange, liquidity, credit and interest rate risks. These risks are monitored through a Group Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for National Grid plc group companies (the 'Group').

Group 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, new share issues 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 UK 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.

FOREIGN EXCHANGE RISK

The Company has no foreign exchange rate risk as all activities are based in the UK.

BUSINESS REVIEW & FUTURE DEVELOPMENTS

During the year the Company continued the development of its sole property, which it intends to continue in the next financial year.

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. For information on the development, performance and position of the Group as a whole, and of the key performance indicators used by the Group, refer to the Operating and Financial Review included in National Grid plc's Annual Report and Accounts 2005/06, which does not form part of this report.

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

RESULTS AND DIVIDEND

The Company had no income or expense transactions during the year and there have been no movements in reserves (2005: Nil) so no separate profit and loss account is presented. No dividend has been proposed (2005: Nil).

DIRECTORS

The following served as Directors throughout the year:

P C Kirby
B J McKendry

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 Group except for their beneficial interests in the shares of the ultimate parent Company, National Grid plc (formerly National Grid Transco plc). In August 2005 National Grid plc carried out a Return of Cash, which consisted of the issue of "B" shares and an ordinary share consolidation – 43 new ordinary shares of 11 ¹⁷/43 pence for every 49 existing ordinary shares of 10 pence each – (the "Share Consolidation"), however interests in share options and the Performance Share Plan were not subject to the Share Consolidation. The interests held in shares in the ultimate parent company, National Grid plc, were as follows:

Beneficial Holdings	Ordinary Shares in National Grid plc as at 1 April 2005	Ordinary Shares in National Grid plc as at 31 March 2006
P C Kirby*	22,679	20,150
B J McKendry*	37,937	33,942

* As a result of the Share Consolidation the following directors held "B" shares as at 31 March 2006:

P C Kirby 7,685 "B" shares
B J McKendry 25,481 "B" shares

Holdings of interests in ordinary shares include shares acquired pursuant to the Lattice All Employee Share Ownership Plan and the National Grid Share Incentive Plan, details of which are included in the annual report and accounts of National Grid plc.

Share Options	Options as at 1 April 2005	Options exercised during the year	Options lapsed during the year	Options granted during the year	Options as at 31 March 2006
P C Kirby	16,726	-	-	-	16,726
B J McKendry	14,487	-	-	-	14,487

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.

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

DIRECTORS' INTERESTS (Continued)

Performance Share Plan Interests	Beneficial Holding as at 1 April 2005	Awarded in year	Beneficial Holding as at 31 March 2006	Release date
P C Kirby	46,181	22,963	69,144	June 2007 to June 2009
B J McKendry	16,889	8,980	25,869	June 2007 to June 2009

All interests held in accordance with the terms of the National Grid Performance Share Plan, details of which are given in the annual report and accounts of National Grid plc.

DIRECTORS' INSURANCE

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

FIXED ASSETS

Changes in fixed assets during the period are shown in note 3 to the accounts.

PAYMENT OF SUPPLIERS

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.

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

DIRECTORS' RESPONSIBILITIES STATEMENT

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

The Directors consider that in preparing the financial statements on pages 6 to 9, 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 preparing the accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business. Therefore, the accounts have been prepared on the going concern basis.

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.

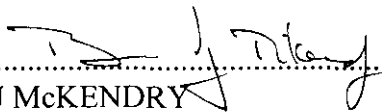
The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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 audit report.

AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors of the Company and to remain in office until the next annual general meeting of the Company at which accounts are laid.

By order of the Board:


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B J McKENDRY
Director

28 November 2006

Registered Office:
1-3 The Strand
London
WC2N 5EH

Company No: 5123227

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

Independent Auditors' report to the members of National Grid (Southall) General Partner Limited

We have audited the financial statements of National Grid (Southall) General Partner Limited for the year ended 31 March 2006, which comprise 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 2006;
- 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
28 November 2006

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

BALANCE SHEET AS AT 31 MARCH 2006

	Notes	31 March 2006 £000	31 March 2005 £000
FIXED ASSETS			
Tangible assets	3	8,437	8,280
CURRENT ASSETS			
Debtors	4	-	1,400
CURRENT LIABILITIES			
Creditors (amounts falling due within one year)	5	(8,437)	(9,680)
NET CURRENT LIABILITIES		(8,437)	(8,280)
NET ASSETS		-	-
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Profit and loss account		-	-
TOTAL SHAREHOLDERS' FUNDS		-	-

The accounts on pages 6 to 9 were approved by the Board of Directors on
28 November 2006 and signed on its behalf by:

B J McKendry
 Director

The accompanying notes on pages 7 to 9 form parts of these accounts.

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

NOTES TO THE ACCOUNTS

(1) PRINCIPAL ACCOUNTING POLICIES

The accounts are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting and financial reporting standards.

Tangible assets

Properties held for or in the course of development are included in the balance sheet at cost less provision for any anticipated reduction in value prior to completion of the development. Cost includes construction costs and development expenses, which are directly attributable to the development of the properties.

Depreciation

No depreciation is charged on land or development properties in the course of construction.

Other tangible fixed assets are depreciated on a straight-line basis at rates sufficient to write off the historical cost of individual assets over their estimated useful lives, except where no depreciation would be charged because residual value of certain properties exceeds carrying value.

Impairment of fixed assets

Impairment reviews are carried out if there is some indication that an impairment may have occurred, or, where otherwise required, to ensure that fixed assets are not carried above their estimated recoverable amounts. Impairments are recognised in the profit and loss account and where material are disclosed as exceptional.

Taxation

In accordance with FRS 19 a full provision for deferred tax is recognised on all timing differences that have originated but not reversed by the balance sheet date.

(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 year.

The audit fee is borne by the parent company.

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 qualifying services.

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

NOTES TO THE ACCOUNTS

(3) TANGIBLE FIXED ASSETS

Historic Cost	£000	£000
At 1 April 2005	8,280	8,280
Additions	157	157
At 31 March 2006	8,437	8,437
 Accumulated Depreciation		
At 1 April 2005	-	-
Charge for the year	-	-
At 31 March 2006	-	-
Net Book Value at 31 March 2006	8,437	8,437
 Net Book Value at 31 March 2005	8,280	8,280

The historical cost of the Company's tangible fixed assets comprises freehold land.

(4) DEBTORS

	31 March 2006	31 March 2005
<u>Amounts falling due within one year</u>	£000	£000
Amounts owed by Group undertakings	-	1,400
<u>TOTAL DEBTORS</u>	-	1,400

(5) CREDITORS

	31 March 2006	31 March 2005
<u>Amounts falling due within one year</u>	£000	£000
Amounts owed to Group undertakings	8,437	9,565
Accruals and deferred income	-	115
<u>TOTAL CREDITORS</u>	8,437	9,680

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

NOTES TO THE ACCOUNTS

(6) SHARE CAPITAL

	31 March 2006	31 March 2005
<u>Authorised:</u>		
1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
<u>Issued, allotted and fully paid:</u>		
1 ordinary share of £1	<u>£1</u>	<u>£1</u>

(7) COMMITMENTS AND CONTINGENCIES

	31 March 2006	31 March 2005
	£000	£000
In respect of contracts placed	<u>-</u>	<u>-</u>

(8) ULTIMATE PARENT COMPANY, CASH FLOW STATEMENTS, AND RELATED PARTY DISCLOSURES

The immediate parent company is National Grid Property Holdings Limited.

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

The parent company of the largest group for which consolidated accounts are prepared in which National Grid (Southall) General Partner Limited is included is National Grid plc, and the parent company of the smallest group for which consolidated accounts are prepared in which National Grid (Southall) General Partner Limited is included is Lattice Group plc.

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The Company is also exempt under the terms of Financial Reporting Standard No. 8 ("Related Party Transactions") from disclosing related party transactions with entities that are part of the National Grid Group.