

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2008

REGISTRATION NUMBER: 5123227

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NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

PRINCIPAL ACTIVITIES

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

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 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.

BUSINESS REVIEW & FUTURE DEVELOPMENTS

During the year the Company sold its only property for a consideration of £52,328,000. The Directors do not intend, at present, to acquire any new assets.

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 2007/08, which does not form part of this report.

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

RESULTS AND DIVIDEND

The Company's profit for the year after taxation was £38,307,000 (2007 Nil) A dividend has been paid of £38,307,000 (2006 Nil).

FINANCIAL POSITION

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 March 2008 were £1 (2007. £1) comprising non-current assets of £Nil (2007 £8,512,000), current assets of £4,000 (2007: Nil) less current liabilities of £4,000 (2007 £8,512,000)

DIRECTORS

The following served as Directors throughout the year

P C Kirby	Resigned 31 st March 2008
B J McKendry	Resigned 31 st March 2008
C Shoesmith	Appointed 31 st March 2008
A M C Prowse	Appointed 31 st March 2008

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 Group'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 Group business.

FIXED ASSETS

Changes in fixed assets during the period are shown in note 4 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 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.

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

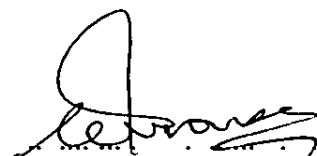
AUDIT INFORMATION

So far as the Directors in office at the date of signing of this report are aware, there is no relevant audit information of which the auditors are unaware and each such 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

INDEPENDENT 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



A M C PROWSE
Director

.. .. 12 September 2008

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 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 in 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 profit 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

12 September 2008

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

Continuing operations	Notes	Year Ended 31 March 2008 £000	Year Ended 31 March 2007 £000
Turnover		-	-
Administrative expenses		(4)	-
Operating loss		(4)	-
Profit on disposal of fixed assets		38,311	-
Profit on ordinary activities before taxation	2	38,307	-
Tax on profit on ordinary activities	3	-	-
Profit for the financial year		38,307	-
Equity dividends paid: £38,307,000 per £1 share (2007 Nil)		(38,307)	-
Retained profit for the year		-	-

The Company has no recognised gains or losses other than the result for the financial year disclosed in the profit and loss account

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The accompanying notes on pages 8 to 12 form parts of these accounts


NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

BALANCE SHEET AS AT 31 MARCH 2008

	Notes	31 March 2008 £000	31 March 2007 £000
FIXED ASSETS			
Tangible assets	4	-	8,512
CURRENT ASSETS			
Debtors	5	4	-
CURRENT LIABILITIES			
Creditors (amounts falling due within one year)	6	(4)	(8,512)
NET CURRENT LIABILITIES		-	(8,512)
NET ASSETS		-	-
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account	8	-	-
TOTAL SHAREHOLDERS' FUNDS		-	-

The accounts on pages 6 to 12 were approved by the Board of Directors on
12 SEPTEMBER 2008 and signed on its behalf by:

A M C Prowse



Director

The accompanying notes on pages 8 to 12 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

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

(2) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year Ended 31 March 2008	Year Ended 31 March 2007
Operating profit is stated after charging	2008	2007
	£000	£000
Audit Fees	4	-

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.

During the year no Director (2007: One) exercised share options in the ordinary shares of the ultimate parent company, National Grid plc

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

NOTES TO THE ACCOUNTS

(3) TAXATION

	Year Ended 31 March 2008	Year Ended 31 March 2007
	£000	£000

Current Tax

UK Corporation Tax on profits for the period

-	-
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TOTAL CURRENT TAX

-	-
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The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below

	Year Ended 31 March 2008	Year Ended 31 March 2007
	£000	£000
Profit on ordinary activities before tax	38,307	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 30%)	11,492	-
Effect of		
Non-taxable income	(11,492)	-
Total current tax credit for the period	-	-

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2008 Budget Statement and are expected to be enacted in the 2008 Finance Act. The changes have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

The changes enacted in the Finance Act 2007 include a reduction in the corporation tax rate from 30% to 28% with effect from 1st April 2008

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

NOTES TO THE ACCOUNTS

(4) TANGIBLE FIXED ASSETS

	Land in the course of development	Total
Historic Cost	£000	£000
At 1 April 2007	8,512	8,512
Additions	5,504	5,504
Disposals	(14,016)	(14,016)
At 31 March 2008	-	-
Net Book Value at 31 March 2008	-	-
Net Book Value at 31 March 2007	8,512	8,512

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

(5) DEBTORS

	31 March 2008	31 March 2007
<u>Amounts falling due within one year</u>	£000	£000
Amounts owed to Group undertakings	4	-
<u>TOTAL DEBTORS</u>	<u>4</u>	<u>-</u>

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

(6) CREDITORS

	31 March 2008	31 March 2007
<u>Amounts falling due within one year</u>	£000	£000
Amounts owed to Group undertakings	-	8,512
Accruals and deferred income	4	-
<u>TOTAL CREDITORS</u>	<u>4</u>	<u>8,512</u>

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

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

NOTES TO THE ACCOUNTS

(7) SHARE CAPITAL

	31 March 2008	31 March 2007
<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>

(8) PROFIT AND LOSS ACCOUNT

	31 March 2008 £000
At the beginning of the year	-
Retained profit for the year	-
At 31 March 2008	<u>-</u>

(9) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 March 2008 £000
At the beginning of the year	-
Profit for the year	38,307
Dividends paid	(38,307)
Shareholders' funds at 31 March 2008	<u>-</u>

(10) COMMITMENTS AND CONTINGENCIES

The company has no commitments and contingencies at the balance sheet date

NATIONAL GRID (SOUTHALL) GENERAL PARTNER LIMITED

NOTES TO THE ACCOUNTS

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

The immediate parent company is National Grid Commercial 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