

**Company Registration Number: 2537092**

**National Grid International Limited**

**Annual Report and Financial Statements**

**For the year ended 31 March 2017**

WEDNESDAY



\*R6CH0I3E\*

RC2

09/08/2017

#76

COMPANIES HOUSE

# **National Grid International Limited**

## **Strategic Report**

**For the year ended 31 March 2017**

The Directors present their Strategic Report on the Company for the year ended 31 March 2017.

### **Review of the business**

The Company holds investments in other National Grid plc subsidiary companies and obtains and provides finance to fellow subsidiary companies via intercompany balances.

### **Executive summary**

There have been no significant changes in the Company's trading activities during the year, as reported in the profit and loss account.

The Company holds an investment in the shares of National Grid Holdings BV which has intercompany receivables and other net monetary assets primarily denominated in Euros. In order to calculate the net realisable value these assets are retranslated at each year end at the closing exchange rate with any difference charged or credited to the profit and loss account. As at 31 March 2017, the Directors have completed this review and considered it appropriate to recognise a release of £666,000 (2016: £5,267,000) to the profit and loss account.

Results, as detailed below, largely depend on the fixed asset investment provision movement and interest payable.

### **Results**

The Company's loss for the financial year was £3,508,000 (2016: £977,000 profit).

### **Financial position**

The financial position of the Company is presented in the balance sheet. Total shareholders' equity at 31 March 2017 was £45,017,000 (2016: £48,525,000) comprising fixed asset investments of £245,834,000 (2016: £245,168,000) less net current liabilities of £200,817,000 (2016: £196,643,000).

### **Key performance indicators and principal risks and uncertainties**

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 Strategic Report included in National Grid plc's Annual Report and Accounts 2016/17, which does not form part of this report.

### **Future developments**

The Directors believe the current level of trading activity as reported in the profit and loss account will continue in the foreseeable future with no anticipated significant balance sheet movements.

The Strategic Report was approved by the Board of Directors and was signed by order of the Board on its behalf by:



**A Morgan**  
Company Secretary  
26 July 2017

# **National Grid International Limited**

## **Directors' Report**

### **For the year ended 31 March 2017**

The Directors present their Report and the audited financial statements of the Company for the year ended 31 March 2017.

#### **Future developments**

Details of future developments have been included within the Strategic Report on page 1.

#### **Dividends**

The Directors do not recommend the payment of a dividend (2016: £nil).

#### **Financial risk management**

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

Treasury also seeks to limit third party counterparty risk which arises from the investment of surplus funds and the use of derivative financial instruments. Treasury monitors the exposure that National Grid has with any one counterparty against agreed limits and these limits are monitored regularly and updated for changes in credit ratings.

#### **Liquidity risk**

The Company finances its operations through a combination of retained profits, new share issues and intercompany loans to ensure that the Company has sufficient long-term and short-term funds available for current operations and future activities.

#### **Credit risk**

No exposure is considered to exist in respect of intercompany loans as fully recoverable from within the National Grid group.

#### **Interest rate cash flow risk**

The Company has both interest bearing intercompany assets and interest bearing intercompany liabilities. To the extent that the Company enters into intercompany loan agreements, the Company's exposure to interest rate cash flow risk arises on such loans on which interest is charged based upon sterling LIBOR.

#### **Foreign exchange risk**

To the extent that the Company enters into intercompany loan agreements in currencies different to that of the Company's functional currency, there is an exposure to movements in exchange rates. At the balance sheet date the Company has intercompany loan agreements denominated in Chilean Pesos and US dollars.

# **National Grid International Limited**

## **Directors' Report (continued)**

**For the year ended 31 March 2017**

### **Directors**

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

F L Beaney  
D C Bonar  
W J Jackson  
A K Mead  
D A Preston  
C J Waters

### **Directors' indemnity**

National Grid has arranged, in accordance with the Companies Act 2006 and the Articles, qualifying third-party indemnities against financial exposure that Directors may incur in the course of their professional duties. Equivalent qualifying third-party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board in prior financial years for matters arising when they were Directors of the Company. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance cover for each Director.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report. In addition within the Directors' Report there are details of the Company's financial risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company is expected to continue to be in a position to obtain finance via intercompany loans to continue to operate for the foreseeable future.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Disclosure of information to auditors**

Having made the requisite enquiries, so far as the Directors in office at the date of the approval 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.

### **Auditors**

Subject to approval at the 2017 Annual General meeting of National Grid plc, the Company's ultimate parent company, Deloitte LLP will be appointed as external auditor to the group. Accordingly, PricewaterhouseCoopers LLP will not be seeking re-appointment as auditor of the Company at the conclusion of their current term of office. There were no circumstances connected with the resignation of PricewaterhouseCoopers LLP as external auditor which should be brought to the attention of members or creditors of the Company.

# **National Grid International Limited**

## **Directors' Report (continued)**

**For the year ended 31 March 2017**

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors 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.

The Directors' Report was approved by the Board of Directors and was signed by order of the Board on its behalf by:



**A Morgan**  
Company Secretary  
26 July 2017

**Registered office:**  
1-3 Strand  
London  
WC2N 5EH

**Registered in England and Wales**  
**Company registration number: 2537092**

# **Independent auditors' report to the members of**

## **National Grid International Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, National Grid International Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), comprise:

- the balance sheet as at 31 March 2017;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **Independent auditors' report to the members of**

### **National Grid International Limited (continued)**

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the Directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether these reports include the disclosures required by applicable legal requirements.



**Richard Kay (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Birmingham  
26 July 2017

# National Grid International Limited

## Profit and loss account

**For the year ended 31 March 2017**

	Notes	2017 £'000	2016 £'000
Operating expenses		-	(10)
<b>Operating loss</b>	2	-	(10)
Amounts released from impairment of fixed asset investments	7	666	5,267
Interest receivable and similar income	4	170	82
Interest payable and similar charges	5	(5,371)	(5,408)
<b>Loss before tax</b>		(4,535)	(69)
Tax	6	1,027	1,046
<b>(Loss)/profit for the financial year</b>		<b>(3,508)</b>	<b>977</b>

The results reported above relate to continuing activities.

There have been no other comprehensive income/losses during either the current or prior year other than as disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been presented.



# National Grid International Limited

## Balance sheet

**As at 31 March 2017**

	Notes	2017 £'000	2016 £'000
<b>Fixed asset investments</b>	7	<u>245,834</u>	<u>245,168</u>
<b>Current assets</b>			
Debtors (amounts falling due within one year)	8	61,349	61,230
Debtors (amounts falling due after more than one year)	8	<u>1</u>	<u>1</u>
<b>Total current assets</b>		<u>61,350</u>	<u>61,231</u>
Creditors (amounts falling due within one year)	9	(262,167)	(257,874)
<b>Net current liabilities</b>		<u>(200,817)</u>	<u>(196,643)</u>
<b>Total assets less current liabilities</b>		<u>45,017</u>	<u>48,525</u>
<b>Net assets</b>		<u>45,017</u>	<u>48,525</u>
<b>Equity</b>			
Share capital	10	100	100
Profit and loss account		<u>44,917</u>	<u>48,425</u>
<b>Total shareholders' equity</b>		<u>45,017</u>	<u>48,525</u>

The financial statements on pages 7 to 16 were approved by the Board of Directors on 26 July 2017 and were signed on its behalf by:



**W J Jackson**  
Director

**National Grid International Limited**  
Company registration number: 2537092

# National Grid International Limited

## Statement of changes in equity

For the year ended 31 March 2017

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' equity £'000
At 1 April 2015	122,600	264,447	(339,499)	47,548
Profit for the financial year	-	-	977	977
Capital reduction (note 10)	(122,500)	(264,447)	386,947	-
At 31 March 2016	100	-	48,425	48,525
Loss for the financial year	-	-	(3,508)	(3,508)
<b>At 31 March 2017</b>	<b>100</b>	<b>-</b>	<b>44,917</b>	<b>45,017</b>

# **National Grid International Limited**

## **Notes to the financial statements**

**For the year ended 31 March 2017**

### **1 Summary of significant accounting policies**

National Grid International Limited is a private company, limited by shares. The Company is incorporated and domiciled in England with its registered office at 1-3 Strand, London, WC2N 5EH.

#### **(a) Basis of preparation**

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken.

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 2006. They have been prepared on an historical cost basis and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates. The 2016 comparative financial information has also been prepared on this basis.

These financial statements are presented in the format as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements, as it is included within the consolidated financial statements of National Grid plc.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements of the Company in accordance with FRS 101:

- a cash flow statement and related notes;
- disclosure in respect of transactions with National Grid plc and its subsidiaries;
- disclosure in respect of capital management; and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of National Grid plc which are available from the registered office, include the equivalent disclosures, the Company has taken the exemptions under FRS 101 in respect of certain disclosures required by IFRS 13 'Fair value measurement' and the disclosures required by IFRS 7 'Financial instruments disclosures'. The Company intends to apply the above exemptions in the financial statements for the year ending 31 March 2018.

The preparation of financial statements may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

There are no significant estimates or critical areas of judgements that are considered to have a significant effect on the amounts recognised in the financial statements.

The balance sheet has been prepared in accordance with the Company's accounting policies approved by the Board and described below:

# **National Grid International Limited**

## **Notes to the financial statements (continued)**

**For the year ended 31 March 2017**

### **1 Summary of significant accounting policies (continued)**

#### **(b) Fixed asset investments**

Investments in subsidiary undertakings are stated at cost less any provisions for impairment.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value-in-use.

#### **(c) Tax**

The tax charge for the period is recognised in the profit and loss account, the statement of comprehensive income or directly in equity according to the accounting treatment of the related transaction. The tax charge comprises current tax.

Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted by the reporting date.

The calculation of the total tax charge involves a degree of estimation and judgement, and management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method and is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither the accounting nor the taxable profit or loss.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and jointly controlled entities except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle their current tax assets and liabilities on a net basis.

# National Grid International Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 1 Summary of significant accounting policies (continued)

#### (d) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing on the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. All other foreign exchange gains and losses are presented in the profit and loss account.

#### (e) 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, with an amount equal to the nominal amount of the shares issued included in the share capital account.

Loans receivable are carried at amortised cost using the effective interest 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, is recognised using the effective interest method 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 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.

### 2 Operating loss

	2017 £'000	2016 £'000
<b>Operating loss is stated after charging:</b>		
Foreign exchange losses	-	10

Audit fees of £6,000 (2016: £6,000) have been borne by a fellow subsidiary undertaking and not recharged.

Disclosure of non-audit fees is not required as these have been disclosed in the consolidated financial statements of National Grid plc.

### 3 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 3 Directors (2016: 7) who exercised share options in or received ordinary shares as part of long term incentive plans of the ultimate parent company, National Grid plc.

There were no employees of the Company during the year (2016: none).

# National Grid International Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 4 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable from immediate parent company	71	80
Exchange gains on revaluation of foreign currency denominated intercompany loans	99	2
	<u>170</u>	<u>82</u>

### 5 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable to a subsidiary undertaking	49	56
Interest payable to immediate parent company	5,322	5,336
Exchange losses on revaluation of foreign currency denominated intercompany loans	-	16
	<u>5,371</u>	<u>5,408</u>

### 6 Tax

	2017 £'000	2016 £'000
<b>Current tax:</b>		
UK corporation tax	(1,025)	(1,052)
Adjustments in respect of prior years	(2)	6
	<u>(1,027)</u>	<u>(1,046)</u>

The tax credit for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Loss before tax	<u>(4,535)</u>	<u>(69)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	(907)	(14)
Effect of:		
Non-taxable income	(133)	(1,054)
Taxation on transfer pricing adjustments	15	16
Adjustments in respect of prior years	(2)	6
<b>Total tax credit for the year</b>	<u>(1,027)</u>	<u>(1,046)</u>

# National Grid International Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 6 Tax (continued)

#### Factors that may affect future tax charges

The Finance Act 2016 which was enacted on 15 September 2016 reduced the main rate of UK corporation tax to 17% with effect from 1 April 2020. Deferred tax balances have been calculated at this rate.

Continuing focus on tax reform during 2016/17, specifically the Organisation for Economic Co-Operation and Development's Base Erosion and Profit Shifting ('BEPS') project to address mismatches in international rules resulted in draft legislation on areas such as interest deductibility being issued during the year. The Directors will continue to monitor developments and assess the potential impact for the Company of these and any further initiatives.

Whilst the UK remains part of the EU, the evolution of the application of EU tax competition regulations continues to create uncertainty over tax legislation and at this stage it is not possible to quantify any potential impact on the financial statements.

### 7 Fixed asset investments

	Shares in subsidiary undertakings £'000
<b>Cost:</b>	
At 1 April 2016 and 31 March 2017	245,834
<b>Provision:</b>	
At 1 April 2016	666
Release for the year	(666)
At 31 March 2017	-
<b>Net book value:</b>	
At 31 March 2017	245,834
At 31 March 2016	245,168

The Company holds an investment in the shares of National Grid Holdings BV which has intercompany receivables and other net monetary assets primarily denominated in Euros. In order to calculate the net realisable value these assets are retranslated at each year end at the closing exchange rate with any difference charged or credited to the profit and loss account. As at 31 March 2017, the Directors have completed this review and considered it appropriate to recognise a release from the provision of £666,000 (2016: £5,267,000) to the profit and loss account.

# National Grid International Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 7 Fixed asset investments (continued)

As previously reported in the prior year, the Company received final distributions from the following subsidiary undertakings previously placed into liquidation at which point these fully impaired investments were derecognised in the financial statements:

- NMP Limited – dissolved: 19 February 2016
- National Grid Seven Limited – dissolved: 14 April 2016
- National Grid Indus B.V. – dissolved: 2 February 2016
- National Grid (IOM) UK Limited - dissolved: 30 May 2016

Another subsidiary undertaking, National Grid Overseas Limited which undertook a strike off process, was officially dissolved on 21 April 2015.

The Directors also agreed and implemented a number of steps involving its direct subsidiary, NG Procurement Holdings Limited resulting in an application to UK Companies House for the company to be dissolved which was made official on 26 January 2016.

The Company's wholly owned subsidiary undertakings as at 31 March 2017 were as follows:

Name of subsidiary	% Holding	Principal activity
National Grid Holdings BV <sup>1</sup>	100	Investment holding company
National Grid Thirty Six Limited <sup>2</sup>	100	Dormant

1. Registered office: Prins Bernhardplein 200, Amsterdam, 1097 JB, Netherlands

2. Registered office: 1–3 Strand, London WC2N 5EH, UK

The Directors believe that the carrying value of the investments is supported by the value of their underlying net assets.

The Company also controls indirectly through its subsidiary undertaking National Grid Fourteen Limited which has a registered office at 1–3 Strand, London WC2N 5EH, UK.

### 8 Debtors

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by subsidiary undertakings	682	593
Amounts owed by fellow subsidiary undertakings	10,598	10,639
Amounts owed by immediate parent company	50,069	49,998
	<u>61,349</u>	<u>61,230</u>
<b>Amounts falling due after more than one year:</b>		
<b>Deferred tax</b>		
Accelerated capital allowances	<u>1</u>	<u>1</u>

There are no other significant unrecognised deferred tax assets or liabilities (2016: £0).



# National Grid International Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2017

### 9 Creditors (amounts falling due within one year)

	2017. £'000	2016 £'000
Amounts owed to subsidiary undertakings	6,459	6,409
Amounts owed to fellow subsidiary undertakings	64,953	66,031
Amounts owed to immediate parent company	190,747	185,426
Other creditors	8	8
	<u>262,167</u>	<u>257,874</u>

### 10 Share capital

	2017 £'000	2016 £'000
<b>Allotted, called up and fully paid</b>		
1,000,000 ordinary shares of £0.10 each	<u>100</u>	<u>100</u>

As previously reported in the prior year, following shareholders' approval, the Directors agreed to consolidate the 122,600,100 ordinary shares of £1 each into 1,000,000 ordinary shares of £122.6001 each. Following this consolidation, the share capital of the Company was reduced under s641 (1) (a) of the Companies Act 2006. The nominal value of the issued ordinary shares was reduced to £0.10, the share premium account was reduced to nil and the resulting credit of £386,947,000 was transferred to the distributable reserves of the Company.

### 11 Related party transactions

The Company is exempt under FRS 101.8(k) 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 other companies.

### 12 Ultimate parent company

The ultimate parent and controlling company is National Grid plc and the immediate parent company is National Grid Holdings Limited. The largest and smallest group which includes 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.