

Company Registration Number: 2537092

National Grid International Limited

Annual Report and Financial Statements

For the year ended 31 March 2021



National Grid International Limited

Strategic Report

For the year ended 31 March 2021

The Directors present their Strategic Report on National Grid International Limited ('the Company') for the year ended 31 March 2021.

Review of the business

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

Executive summary

As a result of the group intercompany loan and company rationalisation project transactions in the prior year, the Company's assets at 1 April 2020 comprised a non-interest-bearing loan with its immediate parent company and a deferred tax asset on previously unrecognised tax losses.

During the year, the Company has recognised a further deferred tax asset on previously unrecognised tax losses resulting in a deferred tax credit of £3,705,000 in the profit and loss account.

Results

The Company's profit for the year was £3,710,000 (2020: £28,503,000 profit).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' equity at 31 March 2021 was £15,389,000 (2020: £11,679,000) comprising net current assets of £15,389,000 (2020: £11,679,000).

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 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 2020/21, which does not form part of this report.

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 and interest rate 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.

National Grid International Limited

Strategic Report (continued)

For the year ended 31 March 2021

Financial risk management (continued)

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

The Company aims to reduce the risk of loss arising from default by parties to financial transactions. No exposure is considered to exist in respect of intercompany loans as the subsidiaries are solvent and are covered by the National Grid group's liquidity arrangements.

Interest rate cash flow risk

The Company in the prior year had both intercompany financial assets and liabilities which exposed it to interest rate cash flow risk.

Foreign exchange risk

To the extent that the Company enters intercompany loan agreements in currencies different to that of the Company's functional currency, there is an exposure to movements in exchange rates. The Company in the prior year had intercompany loans denominated in Chilean Pesos and US dollars.

Impact of COVID-19 and Brexit

The Directors have continued to review the risks to the Company of the ongoing COVID-19 coronavirus pandemic and the UK's formal withdrawal from the EU on 31 January 2021. They have concluded that there is no impact on the Company nor any resultant adjustments to these financial statements.

A detailed risk assessment of COVID-19 has been done at the National Grid Group level and disclosure in relation to this has been provided in National Grid plc's Annual Report and Accounts 2020/21.

Future developments

The Directors do not foresee a change in activities of the Company.

Section 172 (1) statement

The Directors of the Company, as those of all UK companies, must act in accordance with section 172 of the UK Companies Act 2006. Throughout the year, while discharging their duties, section 172 (1) of the Companies Act 2006 requires a Director to consider, where relevant, the following in making their decisions:

- the likely long term consequences of the decision;
- the interests of the Company's employees;
- the need to foster the Company's business;
- the need to foster relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company

National Grid International Limited

Strategic Report (continued)

For the year ended 31 March 2021

Section 172 (1) statement (continued)

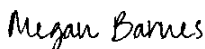
The Directors are of the opinion that they have acted fairly and in good faith to promote the success of the Company for the benefits of its members. The Directors have carried out these duties and have made decisions and undertaken short- and long-term strategies to maintain its financial performance and position. The Directors of National Grid plc are responsible for the governance of, and oversight over, the National Grid Group ('the Group') as a whole.

The Company provides finance to and from fellow subsidiary companies via intercompany balances. The Board considers the Company's financing activities in light of the Group's corporate and social responsibility strategy, and the Board receives information on these topics from management to make these decisions. As a wholly owned subsidiary with the Group the Directors consider the impact of the Company's activities on its shareholder, its subsidiaries and other stakeholders. The Company has no other operational activities, employees or external suppliers or customers.

The Directors believe that certain matters they are responsible for under s172 in respect of the Company and its stakeholders, including, but not limited to, decisions impacting employees, suppliers, customers or the community and the environment have been considered to an appropriate extent by the Directors of National Grid plc in relation both to the Group and the Company. The Directors also continue to recognise the importance of maintaining its high standards of business conduct in line with the Group's Code of Ethical Business Conduct which applies to all subsidiaries within the Group.

The Directors are of the opinion that the remaining details of how they meet their duty is in line with those reflected by the Directors of National Grid plc in their Annual Report. Please refer to pages 46-51 of the National Grid plc Annual Report and Accounts (available at: www.nationalgrid.com/investors) for more information on how the Group Directors meet their duty.

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

DocuSigned by:

CD578C5FC5B2475
M Barnes
Company Secretary
29 July 2021

National Grid International Limited

Directors' Report

For the year ended 31 March 2021

The Directors present their Report and the financial statements of the Company for the year ended 31 March 2021.

Future developments

Details of future developments have been included within the Strategic Report on page 2.

Principal risk and uncertainties

Details of principal risks and uncertainties have been included within the Strategic Report on page 1.

Financial risk management

Details of financial risk management have been included within the Strategic Report on page 1.

Dividends

The Company has paid no ordinary dividends during the year (2020: £56,045,000) and the Directors do not recommend the payment of a final dividend (2020: £nil).

Directors

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

K M Dickie	(Appointed 1 July 2020)
S W Grant	
A K Mead	
D A Preston	

Directors' indemnity

National Grid has arranged, in accordance with the Companies Act 2006 and the Articles of Association, qualifying third-party indemnities against financial exposure that Directors may incur during 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

These financial statements have been prepared on a going concern basis, which presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. The Directors have considered the impact of COVID-19 on the Group, as described in note 1 to the consolidated financial statements in National Grid's Annual Report and Accounts 2020/21, and on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Audit exemption

For the year ending 31 March 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

National Grid International Limited

Directors' Report (continued)

For the year ended 31 March 2021

Statement of Directors' responsibilities

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

UK 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), including FRS 101 "Reduced Disclosure Framework". 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 to 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.

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

DocuSigned by:

CD578C5FC5B2475
M Barnes
Company Secretary
29 July 2021

Registered office:

1-3 Strand
London
WC2N 5EH

Registered in England and Wales

Company registration number: 2537092

National Grid International Limited**Profit and loss account****For the year ended 31 March 2021**

	Notes	2021 £'000	2020 £'000
Operating income		-	18,145
Operating profit	2	-	18,145
Interest receivable and similar income	4	-	392
Interest payable and similar charges	5	-	(1,893)
Profit before tax		-	16,644
Tax	6	3,710	11,859
Profit for the year		3,710	28,503

The results for both years reported above relate to continuing activities.

There have been no other comprehensive gains/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 2021

	Notes	2021 £'000	2020 £'000
Current assets			
Debtors (amounts falling due within one year)	8	9,149	4,459
Debtors (amounts falling due after more than one year)	8	6,240	7,220
		<u>15,389</u>	<u>11,679</u>
Net assets		<u>15,389</u>	<u>11,679</u>
Equity			
Share capital	9	-	-
Profit and loss account		15,389	11,679
Total shareholders' equity		<u>15,389</u>	<u>11,679</u>

For the year ending 31 March 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary 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 set out on pages 6 to 15 were approved by the Board of Directors on 29 July 2021 and were signed on its behalf by:

DocuSigned by:

 543744FB68524D9
K M Dickie
 Director

National Grid International Limited
 Company registration number: 2537092

National Grid International Limited

Statement of changes in equity

As at 31 March 2021

	Share capital £'000	Profit and loss account £'000	Total shareholders' equity £'000
At 1 April 2019	100	39,121	39,221
Profit for the year	-	28,503	28,503
Equity dividends (note 7)	-	(56,045)	(56,045)
Capital reduction (note 9)	(100)	100	-
At 31 March 2020	-	11,679	11,679
Profit for the year	-	3,710	3,710
At 31 March 2021	-	15,389	15,389

National Grid International Limited

Notes to the financial statements

For the year ended 31 March 2021

1 Summary of significant accounting policies

National Grid International Limited is a private company, limited by shares. The nature of the Company's principal activities is set out in the Strategic Report on page 1. The Company is incorporated and registered in England with its registered office at 1-3 Strand, London, WC2N 5EH.

(a) Basis of preparation

The financial statements of National Grid International Limited for the year ended 31 March 2021 were approved by the Board of Directors on 29 July 2021. 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 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 2020 comparative financial information has also been prepared on this basis.

These financial statements have been prepared on a going concern basis, which presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. The Directors have considered the impact of COVID-19 on the Group, as described in note 1 to the consolidated financial statements in National Grid's Annual Report and Accounts 2020/21, and on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

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).

As a qualifying entity, the Company has taken the following exemptions in the preparation of these financial statements in accordance with FRS 101:

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

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'.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have a material impact on the Company's financial statements.

National Grid International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

There are no areas of judgement or key sources of estimation uncertainty that are considered to have a significant effect on the amounts recognised in these financial statements.

These financial statements have been prepared in accordance with the Company's accounting policies approved by the Board of Directors and described below:

(b) Tax

The tax credit for the year 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 credit comprises current and deferred 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. 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.

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 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.

(d) Foreign currency transactions and balances

Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at closing exchange rates. Gains and losses arising on retranslation of monetary assets and liabilities are included in the profit and loss account.

National Grid International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

1 Summary of significant accounting policies (continued)

(e) Financial instruments

Under IFRS 9 the Company has reported the following financial assets and liabilities, and the classification for each is dependent upon its contractual cash flows and for financial assets the business model it is held under. All financial instruments are initially recognised on trade date.

Financial assets that have contractual cash flows that are solely payments of principal and interest, and which are held within a business model whose objective is to collect contractual cash flows, are held at amortised cost. These instruments include loans to immediate parent and subsidiary undertakings, and loans to subsidiaries within the National Grid group. For impairment assessment purposes loans to immediate parent; subsidiary undertakings; and fellow subsidiary undertakings are individually assessed based on a review of solvency and liquidity arrangements and as such the expected credit loss for the year is £nil.

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

(f) Equity instruments

An equity instrument is any contract that includes a residual interest in the assets of the Company after deducting all 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.

(g) Dividends

Dividend income is recognised when the right to receive payment is established. Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 Operating profit

	2021 £'000	2020 £'000
Operating profit is stated after crediting/(charging):		
Profit on sale of fixed asset investments	-	18,166
Foreign exchange losses	-	(22)

The Company no longer incurs audit fees. In the prior year audit fees of £6,000 were borne by a fellow subsidiary undertaking and not recharged.

During the prior year, the Company was part of a group rationalisation project and as a result, the Directors approved the sale of the Company's investments in subsidiary undertakings, National Grid Holdings BV and National Grid Thirty Six Limited to National Grid Holdings Limited resulting in a profit on sale of £18,166,000.

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

National Grid International Limited
Notes to the financial statements (continued)
For the year ended 31 March 2021

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 (2020: 5) 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 (2020: none).

4 Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest receivable from immediate parent company	-	391
Exchange gains on revaluation of foreign currency denominated intercompany loans	-	1
	<u>-</u>	<u>392</u>

5 Interest payable and similar charges

	2021	2020
	£'000	£'000
Interest payable to a subsidiary undertaking	-	46
Interest payable to a fellow subsidiary undertaking	-	468
Interest payable to immediate parent company	-	1,331
Exchange losses on revaluation of foreign currency denominated intercompany loans	-	48
	<u>-</u>	<u>1,893</u>

6 Tax

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax	-	(289)
Adjustments in respect of prior years	(5)	1
Total current tax	<u>(5)</u>	<u>(288)</u>
Deferred tax:		
UK deferred tax	<u>(3,705)</u>	<u>(11,571)</u>
Tax credit in the profit and loss account	<u>(3,710)</u>	<u>(11,859)</u>

The tax credit for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

National Grid International Limited
Notes to the financial statements (continued)
For the year ended 31 March 2021

6 Tax (continued)

	2021 £'000	2020 £'000
Profit before tax	-	16,644
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	-	3,162
Effect of:		
Non-taxable income	-	(3,451)
Deferred tax asset recognised on previously unrecognised tax losses	(3,705)	(11,571)
Adjustments in respect of prior years	(5)	1
Total tax credit in the profit and loss account	(3,710)	(11,859)

Deferred tax assets in respect of capital losses of £330 million (2020: £362 million) have not been recognised as their future recovery is uncertain or not currently anticipated. The capital losses are available to carry forward indefinitely and capital losses can be offset against specific types of future capital gains. There is offsetting between deferred tax assets and deferred tax liabilities where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax balances relates to tax levied by the same taxation authority.

Factors that may affect future tax charges

In the Spring Budget 2021, the UK government announced an increase in the main corporation tax rate from 19% to 25% with effect from 1 April 2023. Since this had not been substantively enacted at the balance sheet date, deferred tax balances as at 31 March 2021 have been calculated at the current main UK corporation tax rate of 19%. The Directors expect the Company's future deferred tax assets to increase reflecting the impact of the rate change. If the amended tax rate of 25% had been used, the deferred tax asset would have been approximately £5 million higher.

The Directors will continue to monitor the developments driven by Brexit, the OECD's Base Erosion and Profit Shifting (BEPS) project and European Commission initiatives including fiscal aid investigations. At this time, the Directors do not expect this to have any material impact on future tax charges. Governments across the world including the UK have introduced various stimulus/reliefs for businesses to cope with the impact of COVID 19 pandemic, from which the Directors do not currently expect there to be a material impact on the Company's future tax charges.

7 Equity dividends

	2021 £'000	2020 £'000
Equity - ordinary dividends		
First interim paid: £nil (2020: £560.45) per £0.10 share	-	56,045

National Grid International Limited
Notes to the financial statements (continued)
For the year ended 31 March 2021

8 Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	5	-
Amounts owed by immediate parent company	107	108
Deferred tax	9,037	4,351
	<u>9,149</u>	<u>4,459</u>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. For impairment assessment purposes, such loans to group undertakings are considered low risk as the subsidiaries are solvent and are covered by the National Grid group's liquidity arrangements and as such the expected credit loss for the year is £nil.

	2021	2020
	£'000	£'000
Amounts falling due after more than one year		
Deferred tax	<u>6,240</u>	<u>7,220</u>
Deferred tax		
Accelerated capital allowances	-	1
Unused capital losses	15,277	11,571
Deferred tax asset	<u>15,277</u>	<u>11,572</u>
Deferred tax asset at 1 April	11,572	1
Credited to the profit and loss account	3,705	11,571
Deferred tax asset at 31 March	<u>15,277</u>	<u>11,572</u>

9 Share capital

	2021	2020
	£'000	£'000
Allotted, called up and fully paid		
10 (2020: 10) ordinary shares of £0.10 each	<u>-</u>	<u>-</u>

In line with the provisions of the Companies Act 2006, the Company has amended its Articles of Association and ceased to have authorised share capital.

In the prior year the Company reduced its share capital by way of the solvency statement procedure permitted under sections 641(1)(a) and 642 to 644 of the Companies Act 2006. As a result, 999,990 ordinary shares of £0.10 each were cancelled and the resulting reserve of £100,000 was treated as realised profit and therefore distributable by the Company.

National Grid International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

10 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.

11 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 at the registered office below.

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