

Company Registration Number: 3615517

National Grid UK Pension Services Limited

Annual Report and Financial Statements

For the year ended 31 March 2016



National Grid UK Pension Services Limited

Strategic Report

For the year ended 31 March 2016

The Directors present their Strategic Report on the Company for the year ended 31 March 2016.

Review of the business

The Company's principal activity during the year was the provision of pensions administration, payroll, accounting, communications and data services to the National Grid UK Pension Scheme. Services are also provided to the Group Trustee of the National Grid Electricity Group of the Electricity Supply Pension Scheme, The National Grid YouPlan Trustee Limited and to the National Grid Corporate Pensions Team.

Executive summary

This is the first time that the Company has prepared financial statements 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. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 13. The results outlined below are in accordance with FRS 101.

During the year, the Company implemented further changes to the organisation structure to meet the requirements of the client base on strategic projects and with an increase in the routine work.

The Company continues to operate on a client-focussed basis providing a quality and cost-effective service.

Improvements have continued with the introduction of new software and processes to enhance the member experience for all clients.

The business continuity processes have also been further enhanced throughout the year to underpin the services provided to the client base.

Results

The Company's result for the financial year was £nil (2015: £6,000 loss).

Financial position

The financial position of the Company is presented in the statement of financial position. Total shareholders' equity at 31 March 2016 was £629,000 (2015: £617,000) comprising tangible fixed assets of £1,000 (2015: £2,000) and net current assets of £628,000 (2015: £615,000).

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 2015/16, which does not form part of this report.

National Grid UK Pension Services Limited

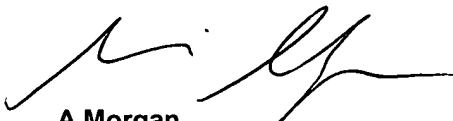
Strategic Report (continued)

For the year ended 31 March 2016

Future developments

The Directors believe the current level of trading activity as reported in the income statement will continue in the foreseeable future with no anticipated significant movements in the statement of financial position.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A Morgan', written over a horizontal line.

A Morgan
Company Secretary
7 October 2016

National Grid UK Pension Services Limited

Directors' Report

For the year ended 31 March 2016

The Directors present their Report and the audited financial statements of the Company for the year ended 31 March 2016.

Future developments

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

Dividends

The Directors do not recommend the payment of a dividend (2015: £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 and interest rate cash flow risks. These risks are monitored through a National Grid Treasury management function ('Treasury') 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 new share issues and intercompany balances to ensure that the Company has sufficient long-term and short-term funds available for current operations and future activities.

Credit risk

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

Interest rate cash flow risk

The Company has interest bearing intercompany assets. 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.

Directors

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

A J Agg	
E H Davies	(Appointed 1 July 2015)
M D Noble	
P M Ross	(Resigned 30 June 2015)

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.

National Grid UK Pension Services Limited

Directors' Report (continued)

For the year ended 31 March 2016

Going concern

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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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 and signed on its behalf by:



A Morgan
Company Secretary
7 October 2016

Registered office:

1-3 Strand
London
WC2N 5EH

Registered in England and Wales

Company registration number: 3615517

Independent auditors' report to the members of

National Grid UK Pension Services Limited

Report on the financial statements

Our opinion

In our opinion, National Grid UK Pension Services 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 2016 and of its result 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 statement of financial position as at 31 March 2016;
- the income statement and statement of comprehensive income 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 the preparation of the financial statements is 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 matter prescribed by the Companies Act 2006

In our opinion, 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.

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 UK Pension Services 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.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 October 2016

National Grid UK Pension Services Limited

Income statement

For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Turnover		3,224	2,813
Operating costs		(3,227)	(2,813)
Operating loss		<u>(3)</u>	<u>-</u>
Interest receivable and similar income from a fellow subsidiary undertaking		3	-
Profit on ordinary activities before taxation	2	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	4	-	(6)
Profit/(loss) for the financial year		<u><u>-</u></u>	<u><u>(6)</u></u>

The results reported above relate to continuing activities.

Statement of comprehensive income

For the year ended 31 March 2016

	2016 £'000	2015 £'000
Profit/(loss) for the financial year	-	(6)
Other comprehensive income/(loss) for the year, net of tax	-	-
Total comprehensive income/(loss) for the year	<u><u>-</u></u>	<u><u>(6)</u></u>

National Grid UK Pension Services Limited

Statement of financial position

As at 31 March 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Tangible fixed assets	5	<u>1</u>	<u>2</u>
Current assets			
Debtors: amounts falling due within one year	6	1,195	1,202
Debtors: amounts falling due after more than one year	6	<u>27</u>	<u>30</u>
		1,222	1,232
Creditors: amounts falling due within one year	7	(594)	(617)
Net current assets		<u>628</u>	<u>615</u>
Total assets less current liabilities		629	617
Net assets		<u>629</u>	<u>617</u>
Equity			
Share capital	8	766	766
Profit and loss account		<u>(137)</u>	<u>(149)</u>
Total shareholders' equity		<u>629</u>	<u>617</u>

The financial statements on pages 7 to 19 were approved by the Board of Directors and authorised for issue on 7 October 2016 and signed on its behalf by:



A J Agg
Director

National Grid UK Pension Services Limited
Company registration number: 3615517

National Grid UK Pension Services Limited

Statement of changes in equity

For the year ended 31 March 2016

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2014	766	(159)	607
Loss for the financial year	-	(6)	(6)
Share based payment	-	12	12
Tax on share based payment	-	4	4
At 31 March 2015	766	(149)	617
Profit for the financial year	-	-	-
Share based payment	-	8	8
Tax on share based payment	-	4	4
At 31 March 2016	766	(137)	629

National Grid UK Pension Services Limited

Notes to the financial statements

For the year ended 31 March 2016

1 Summary of significant accounting policies

National Grid UK Pension Services Limited is a private company and is incorporated and domiciled in England with its registered office at 1-3 Strand, London, WC2N 5EH.

The principal accounting policies applied in the preparation of these financial statements are set out as below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(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 for the year ended 31 March 2016 are the first prepared in accordance with FRS 101. Accordingly the date of transition is 1 April 2014. The 2015 comparative financial information has also been prepared on this basis.

An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 13.

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 items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in pounds sterling which is also the Company's functional currency.

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).

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;
- the presentation of a third statement of financial position (being the opening statement of financial position of the Company at the date of application of FRS 101); 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 2017.

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 were no significant estimates or critical areas of judgements required in pulling together these financial statements.

National Grid UK Pension Services Limited
Notes to the financial statements (continued)

For the year ended 31 March 2016

1 Summary of significant accounting policies (continued)

(b) Tangible fixed assets and depreciation

Tangible fixed assets are included in the statement of financial position at historical cost less accumulated depreciation. Historical cost includes purchase price, delivery and installation costs. Subsequent additions represent the purchase or construction of new assets, and extensions to, or significant increases in the capacity of, tangible fixed assets.

Tangible fixed assets are depreciated, principally on a straight line basis, at rates estimated to write off their book values over their estimated useful economic lives. In assessing estimated useful economic lives, which are reviewed on a regular basis, consideration is given to any contractual arrangements and operational requirements relating to particular assets. Unless otherwise determined by operational requirements, the depreciation periods for the principal categories of tangible fixed assets are, in general, as shown in the table below:

Depreciation periods	Years
Furniture and fittings	Up to 10
Office machinery (computers)	Up to 5

(c) Tax

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

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 positions 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, to the extent that 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 assets and liabilities are not recognised.

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.

National Grid UK Pension Services Limited
Notes to the financial statements (continued)

For the year ended 31 March 2016

1 Summary of significant accounting policies (continued)

(c) Tax (continued)

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 is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also reflected in other comprehensive income.

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 authorities and the Company intends to settle their current tax assets and liabilities on a net basis.

(d) 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 income statement.

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 income statement using the effective interest method.

(e) Turnover

Turnover comprises the value of services provided excluding value added tax. Revenue primarily relates to services provided to the National Grid UK Pension Scheme which is billed monthly with an accrual adjustment to reflect actual costs incurred.

(f) Pensions

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as staff costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

National Grid UK Pension Services Limited
Notes to the financial statements (continued)

For the year ended 31 March 2016

1 Summary of significant accounting policies (continued)

(f) Pensions (continued)

Pension costs are charged to the Company for certain members of one of the two National Grid group defined benefit pension schemes. The Company is not a participating member of either scheme. The Company recognises a cost equal to the contribution payable for the period.

(g) Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the term of the lease.

2 Profit on ordinary activities before taxation

	2016	2015
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Loss on disposal of tangible fixed assets	-	4
Depreciation of tangible fixed assets	1	3
Other operating lease charges	<u>35</u>	<u>35</u>
Services provided by the Company's auditor		
Audit fees	<u>13</u>	<u>12</u>

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 2 Directors (2015: 3) who exercised share options in or received ordinary shares as part of long term incentive plans of the ultimate parent company, National Grid plc.

	2016	2015
	£'000	£'000
Staff costs		
Wages and salaries	1,217	1,092
Social security costs	122	106
Other pension costs	257	240
Share-based payments	8	12
	<u>1,604</u>	<u>1,450</u>

The aggregate amount of Company contributions paid in respect of the defined contribution scheme amounted to £102,119 (2015: £100,000).

The average monthly number of employees (including Directors) employed by the Company during the year involved in administration were 33 (2015: 30).

National Grid UK Pension Services Limited
Notes to the financial statements (continued)
For the year ended 31 March 2016

4 Tax on profit on ordinary activities

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax	(3)	(2)
Adjustments in respect of prior years	-	5
Total current tax	<u>(3)</u>	<u>3</u>
Deferred tax:		
Origination and reversal of timing differences	1	3
Impact of change in UK tax rate	2	-
Total deferred tax	<u>3</u>	<u>3</u>
Tax charge on profit on ordinary activities	<u>-</u>	<u>6</u>

The tax charge for the year is the same as (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	-	-
Effect of:		
Impact of share based payments	(2)	1
Impact of change in UK tax rate	2	-
Adjustments in respect of prior years	-	5
Total tax charge for the year	<u>-</u>	<u>6</u>

Factors that may affect future tax charges

The Finance Act 2015 (No.2) (the Act) was enacted on 18 November 2015. The Act reduced the main rate of UK corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020 (and deferred tax balances have been calculated at 18%).

The Budget in March this year announced a further reduction in the corporate tax rate to 17% from 1 April 2020, from the previously enacted 18%. This was substantively enacted on 6th September 2016. This had not been substantively enacted at the reporting date. As the change to 17% had not been substantively enacted at the reporting date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balances at the reporting date, would be to reduce the deferred tax asset by an additional £1,451 and increase the tax expense for the period by £1,451.

National Grid UK Pension Services Limited
Notes to the financial statements (continued)
For the year ended 31 March 2016

5 Tangible fixed assets

	Furniture and fittings £'000	Office machinery (computers) £'000	Total £'000
Cost:			
At 1 April 2015 and 31 March 2016	21	9	30
Accumulated depreciation:			
At 1 April 2015	21	7	28
Depreciation charge for the year	-	1	1
At 31 March 2016	21	8	29
Net book value:			
At 31 March 2016	-	1	1
At 31 March 2015	-	2	2

6 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	235	60
Amounts owed by fellow subsidiary undertakings	865	1,062
Other tax and social security	50	37
Other debtors	1	1
Prepayments and accrued income	44	42
	<u>1,195</u>	<u>1,202</u>
Amounts falling due after more than one year:		
Deferred tax	<u>27</u>	<u>30</u>
Deferred tax		
	2016 £'000	2015 £'000
Accelerated capital allowances	11	14
Other short-term timing differences	16	16
Deferred tax asset	<u>27</u>	<u>30</u>
	2016 £'000	2015 £'000
Deferred tax asset at 1 April	30	33
Charged to income statement	(3)	(3)
Deferred tax asset at 31 March	<u>27</u>	<u>30</u>

There are no other significant unrecognised deferred tax assets or liabilities (2015: nil).

National Grid UK Pension Services Limited
Notes to the financial statements (continued)
For the year ended 31 March 2016

7 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank overdraft	-	9
Trade creditors	71	143
Amounts owed to fellow subsidiary undertakings	387	323
Other tax and social security	8	19
Other creditors	11	8
Accruals and deferred income	117	115
	<u>594</u>	<u>617</u>

8 Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
765,526 ordinary shares of £1 each	<u>766</u>	<u>766</u>

9 Capital and other commitments

	2016 £'000	2015 £'000
Contracts for future expenditure not provided in the financial statements	<u>32</u>	<u>32</u>

The company had the following future minimum lease payments under non-cancellable operating leases for the following periods:

	2016 £'000	2015 £'000
Less than 1 year	3	3
In 2-5 years	-	3
	<u>3</u>	<u>6</u>

10 Contingent liabilities

Litigation

Through the ordinary course of operations, the Company is party to various litigation, claims and investigations. The Directors do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on the Company's results of operations, cash flows or financial position.

National Grid UK Pension Services Limited
Notes to the financial statements (continued)
For the year ended 31 March 2016

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.

The Company provides administrative services to the National Grid UK Pension Scheme which is deemed to be a related party. Details of the related party transactions and balances are set out as follows:

	2016 £'000	2015 £'000
Income receivable from the National Grid UK Pension Scheme	2,842	2,532
Balance owed by the National Grid UK Pension Scheme at 31 March	256	22

12 Ultimate parent company

The ultimate parent and controlling company is National Grid plc and the immediate parent company is National Grid UK 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.

National Grid UK Pension Services Limited
Notes to the financial statements (continued)
For the year ended 31 March 2016

13 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 1 and have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening FRS 101 statement of financial position at 1 April 2014 (the Company's date of transition).

In preparing its FRS 101 statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

	1 April 2014			31 March 2015		
	UK GAAP	Transition effect	FRS 101	UK GAAP	Transition effect	FRS 101
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets						
Tangible fixed assets	9	-	9	2	-	2
	<u>9</u>	<u>-</u>	<u>9</u>	<u>2</u>	<u>-</u>	<u>2</u>
Current assets						
Debtors: amounts falling due within one year						
Trade debtors	257	-	257	60	-	60
Amounts owed by group	992	-	992	1,062	-	1,062
Other tax and social security	64	-	64	37	-	37
Other debtors	-	-	-	1	-	1
Prepayments	99	-	99	42	-	42
Debtors: amounts falling due after one year						
Deferred tax (i)	22	11	33	19	11	30
Cash at bank	3	-	3	-	-	-
	<u>1,437</u>	<u>11</u>	<u>1,448</u>	<u>1,221</u>	<u>11</u>	<u>1,232</u>
Creditors: amounts falling due within one year						
Borrowings	-	-	-	(9)	-	(9)
Trade creditors	(122)	-	(122)	(143)	-	(143)
Amounts owed to group	(391)	-	(391)	(323)	-	(323)
Other tax and social security (ii)	(24)	(1)	(25)	(19)	-	(19)
Other creditors (ii)	(40)	1	(39)	(8)	-	(8)
Accruals	(273)	-	(273)	(115)	-	(115)
	<u>(850)</u>	<u>-</u>	<u>(850)</u>	<u>(617)</u>	<u>-</u>	<u>(617)</u>
Net current assets	<u>587</u>	<u>11</u>	<u>598</u>	<u>604</u>	<u>11</u>	<u>615</u>

National Grid UK Pension Services Limited
Notes to the financial statements (continued)
For the year ended 31 March 2016

13 Explanation of transition to FRS 101 (continued)

Reconciliation of equity (continued)

	1 April 2014			31 March 2015		
	UK GAAP	UK Transition	FRS 101	UK GAAP	UK Transition	FRS 101
	£'000	effect	£'000	£'000	effect	£'000
Net assets	596	11	607	606	11	617
Equity						
Share capital	(766)	-	(766)	(766)	-	(766)
Profit and loss account	170	(11)	159	160	(11)	149
Shareholders' funds	(596)	(11)	(607)	(606)	(11)	(617)

Notes to the reconciliation of equity

- i. The share based payments movement in deferred tax asset is recognised in equity under IFRS. Under UKGAAP, a deferred tax asset was only recognised to the extent of any amounts going through the profit and loss account for timing differences associated with share option exercises. This also included the impact of any change in corporation tax rate on the deferred tax balance.
- ii. Holiday pay accruals were not permitted under UK GAAP.

Reconciliation of profit for the year ended 31 March 2015

	31 March 2015		
	UK GAAP	Transition	FRS 101
	£'000	effect	£'000
Turnover (i)	2,802	11	2,813
Gross profit	2,802	11	2,813
Administrative expenses (i)	(2,802)	(11)	(2,813)
Operating profit	-	-	-
Profit on ordinary activities before tax	-	-	-
Tax on profit on ordinary activities	(2)	(4)	(6)
Loss for the financial year	(2)	(4)	(6)

Notes to the reconciliation of profit

- i. Holiday pay accruals were not permitted under UK GAAP.