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National Grid Metering Limited

Directors' Report

and Financial Statements

For the year ended 31 March 2011

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National Grid Metering Limited

Directors' Report

For the year ended 31 March 2011

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2011

Principal activities

The Company's principal activity during the year ended 31 March 2011 was the provision of meter asset management services to National Grid Gas plc

Business review

The Company has continued to provide metering services to National Grid Gas plc under a Service Provider Contract. Financial performance, as detailed below, largely depends on the meter work and supporting services provided to National Grid Gas plc as well as standards of services

The most significant risk factors identified relate to

- Contract renewal with National Grid Gas plc (current contract expires in 2012),
- Volume of work provided to National Grid Gas plc driven by their retention of customers,
- Performance measured against standards of service,
- Breaches in environmental or health and safety law or regulations,
- Market developments (eg smart metering) and changes in regulations

During 2010 the Department for Energy and Climate Change (DECC) and Ofgem developed proposals for the delivery of smart metering and in March 2011 the Government issued its response to the Smart Metering Prospectus. Smart meters, for domestic customers, will be required to have an integral valve and the roll out is to be completed during 2019. This will drive the displacement of all existing dumb meters in Great Britain although full scale mandatory rollout is not now expected to start until 2014.

Key Performance Indicators

- Standards of Service – In the year to 31 March 2011, 17 out of 18 standards of service were achieved (2010 17 out of 18). The target measure varied from 90 – 98%. These covered complaints, domestic meter work and industrial and commercial meter works
- Efficiency is monitored via achieving lowest cost per job in the following areas: installation, running and overheads. Cost efficiency is ensured through robust tendering of meter work services and products in line with National Grid Procurement's Category Management process. Operational efficiency is monitored and driven through proactive contract management, whereby key performance indicators are tracked and supported by both incentive and liability payments
- Safety – Safety Performance is measured using a weighted scoring system looking at incidents that have occurred and safety behaviours. The Company has finished 2010/11 outside of the minor injury target, although it has been encouraging to see far more data surrounding injuries since the introduction of the new Incident Management System that went live in August 2010. The majority of injuries reported have occurred within the office environment and have related to slips, trips and falls. They have been largely attributed to behavioural issues and many could have been easily avoided. The Company aims to improve its safety statistics year on year and monitors this every month

Future developments

The Company will continue to operate metering asset management services for the foreseeable future

National Grid Metering Limited

Directors' Report (continued)

For the year ended 31 March 2011

Results and dividends

The Company's profit for the financial year was £7,102,000 (2010 £16,958,000)

The Directors do not recommend the payment of a dividend (2010 £nil)

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 March 2011 were £77,098,000 (2010 £69,800,000) comprising fixed assets of £3,492,000 (2010 £2,969,000), net current assets of £73,708,000 (2010 £68,092,000) less provisions for liabilities and charges of £102,000 (2010 £1,261,000)

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 risks. These risks are monitored through a National Grid 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 counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Liquidity risk

The Company finances its operations through a combination of retained profits and inter company loans.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. No material exposure is considered to exist in respect of inter company loans.

Interest rate cash flow risk

The Company has interest bearing inter company liabilities. To the extent that the Company enters into inter company loan agreements, the Company's exposure to cash flow interest rate risk arises on such loans on which interest is 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

JMG Carlton	(Appointed 21 April 2011)
GA Dunkerley	(Appointed 21 April 2011)
EC Syson	(Appointed 1 November 2010 Resigned 30 June 2011)
V Bracken	(Resigned 21 April 2011)
AP Foster	(Resigned 31 December 2010)
NJ Pullen	(Appointed 15 July 2011)

National Grid Metering Limited

Directors' Report (continued)

For the year ended 31 March 2011

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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.

Directors' indemnities and insurance

National Grid plc indemnifies officers of subsidiary companies against liabilities arising from the conduct of National Grid's business, to the extent permitted by law, by the placing of Directors' and Officers' insurance. The insurance indemnifies individual Directors' and Officers' personal legal liability and cost for claims arising out of actions taken in connection with the business of National Grid plc and its subsidiaries.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out within the Directors' Report. In addition, there are details of the Company's financial position and the 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 generate positive cash flows or be in a position to obtain finance via inter company 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.

National Grid Metering Limited

Directors' Report (continued)

For the year ended 31 March 2011

Employees

The Company has established through e-mails, intranets, cascade briefings and in-house magazines, effective methods for communicating with employees on matters of concern to them. Regular consultation with staff and their trade union representatives takes place using both formal and informal mechanisms.

The Company remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find alternative jobs for those who are unable to continue in their existing job due to disability.

The Company takes a positive approach to equality and diversity. We promote equality in the application of reward policies, employment and development opportunities, and aim to support employees in balancing work and personal lifestyles.

Employees are encouraged to become shareholders in National Grid plc and the Group operates a Sharesave Scheme and Share Incentive Plan.

Policy and practice on payment of creditors

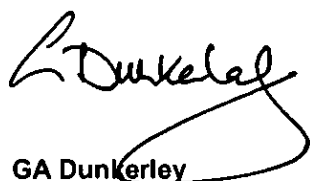
It is the Company's policy to agree the terms of payment at the start of business with each supplier, ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations.

Based upon trade creditors as at 31 March 2011 and the equivalent purchases for the year the average creditor payment period was 22 days (2010: 32 days). The Company's usual payment terms are to settle suppliers' invoices in no more than 42 days.

Disclosure of information to auditors

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

On behalf of the Board



GA Dunkerley
Director
15 July 2011

Registered office:

1-3 Strand
London
WC2N 5EH

Registered in England and Wales
Company registration number. 3705992

Independent auditors' report to the members of

National Grid Metering Limited

We have audited the financial statements of National Grid Metering Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities set out in the Directors' Report 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). 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.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Simon Evans (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
15 July 2011

National Grid Metering Limited

Profit and loss account

For the years ended 31 March

	Notes	2011 £'000	2010 £'000
Turnover	2	95,222	107,129
Operating charges before exceptional items	3	(85,994)	(94,846)
Operating profit	3	<u>9,228</u>	<u>12,283</u>
Interest receivable and similar income	5(a)	675	622
Interest payable and similar charges	5(b)	(183)	(150)
Profit on ordinary activities before taxation		<u>9,720</u>	<u>12,755</u>
Tax on profit on ordinary activities	6	(2,618)	4,203
Profit for the financial year transferred to reserves	13	<u>7,102</u>	<u>16,958</u>

The results reported above relate to continuing activities

The Company has no recognised gains and losses other than the profit for the financial years stated above and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities before and after taxation for the financial years stated above and their historical cost equivalents


National Grid Metering Limited

Balance sheet

As at 31 March

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	8	3,492	2,969
Current assets			
Debtors amounts falling due within one year	9	90,242	96,487
Debtors amounts falling due after more than one year	9	109	-
Creditors' amounts falling due within one year	10	(16,643)	(28,395)
Net current assets		<u>73,708</u>	<u>68,092</u>
Total assets less current liabilities		<u>77,200</u>	<u>71,061</u>
Provisions for liabilities and charges	11	(102)	(1,261)
Net assets		<u>77,098</u>	<u>69,800</u>
Capital and reserves			
Called up share capital	12	1,373	1,373
Profit and loss account	13	75,725	68,427
Total shareholders' funds	14	<u>77,098</u>	<u>69,800</u>

The financial statements on pages 6 to 16 were approved by the Board of Directors on 15 July 2011 and signed on its behalf by



JMG Carlton
Director

National Grid Metering Limited

Notes to the financial statements

For the year ended 31 March 2011

1 Accounting policies

(a) Basis of preparation

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. These financial statements have been prepared using the historical cost convention and in accordance with the consistently applied accounting policies set out below. There have been no changes to accounting policies during the year.

These financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

The Company has taken the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'. Further, in accordance with exemptions under FRS 29 'Financial Instruments: Disclosures', the Company has not presented the financial instruments disclosures required by the standard, as disclosures that comply with the standard are included in the consolidated financial statements of National Grid plc.

The preparation of financial statements requires 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

(b) Tangible assets and depreciation

Tangible fixed assets are included in the balance sheet at their cost less accumulated depreciation. Additions represent the purchase of new assets, 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
Office equipment	5 years
Software	5 years

National Grid Metering Limited

Notes to the financial statements (continued)

For the year ended 31 March 2011

1 Accounting policies (continued)

(c) Taxation

Current tax for the current and prior periods is provided at the amount expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

(d) Provisions for liabilities and charges

Provisions for liabilities and charges are recognised where the Company has a legal or constructive obligation on the basis of external third party or expert evidence where it is available. In some circumstances no such evidence is available and management use their best estimate of likely costs to be incurred. Onerous contracts are provided for on the basis of contracted future expenditure that exceeds expected future economic benefit

(e) Restructuring costs

Costs arising from the Company's restructuring programmes primarily relate to redundancy costs. Redundancy costs are charged to the profit and loss account in the period in which the Company becomes irrevocably committed to incurring the costs and the main features of the restructuring plan have been announced to the affected employees

(f) Turnover

Turnover comprises the value of goods and services provided excluding value added tax and other sales taxes

(g) Pensions

The substantial majority of the Company's employees are members of either the defined benefit or defined contribution sections of The National Grid UK Pension Scheme. The Company's share of the underlying assets and liabilities of the defined benefit section of the scheme cannot be identified separately. Consequently, the Company accounts for the Scheme as if it were a defined contribution scheme, recognising a charge equivalent to cash paid or payable to the scheme and to the scheme's sponsoring company, Lattice Group plc, a fellow subsidiary undertaking of the Company

National Grid Metering Limited

Notes to the financial statements (continued)

For the year ended 31 March 2011

2 Turnover

	2011 £'000	2010 £'000
External customers	3,524	3,823
Other group companies	91,698	103,306
	<u>95,222</u>	<u>107,129</u>

Geographical analysis of turnover is not provided as the Company's operations are all undertaken in the UK for customers based in the UK

3 Operating profit

	2011 £'000	2010 £'000
Operating profit is stated after charging		
Depreciation of tangible fixed assets	603	772
Payroll costs	12,499	12,782
Audit fees	19,160	19,160
Other operating costs	53,732	62,132
	<u>85,994</u>	<u>94,846</u>

Audit fees for the year related to the statutory audit. Disclosure of non-audit fees is not required as these have been disclosed in the consolidated financial statements of National Grid plc

4 Directors and employees

Directors' aggregate emoluments were £197,328 (2010 £193,310). The emoluments of two (2010 one) 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 no Directors (2010 one) who exercised share options in the ordinary shares of the ultimate parent company, National Grid plc.

Staff costs

	2011 £'000	2010 £'000
Wages and salaries	9,247	9,963
Social security costs	909	753
Other pension costs	2,147	1,885
Share based payment charge	196	181
	<u>12,499</u>	<u>12,782</u>

The average monthly number of employees (including Directors) employed during the year was 331 (2010 344)

National Grid Metering Limited

Notes to the financial statements (continued)

For the year ended 31 March 2011

5 (a) Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable from fellow subsidiary undertakings	<u>675</u>	<u>622</u>

(b) Interest payable and similar charges

	2011 £'000	2010 £'000
Other interest payable	<u>(183)</u>	<u>(150)</u>

Other interest payable relates to interest paid on the notional pension element of the variation of the regular pension costs

6 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax.		
UK corporation tax	2,476	3,603
Adjustments in respect of prior periods	368	(7,841)
Total current tax	<u>2,844</u>	<u>(4,238)</u>
Deferred tax		
Origination and reversal of timing differences	292	9
Adjustments in respect of prior periods	(518)	26
Total deferred tax	<u>(226)</u>	<u>35</u>
Tax charge/(credit) on profit on ordinary activities	<u>2,618</u>	<u>(4,203)</u>

The deferred tax credit includes a debit of £8,384 that relates to remeasurements arising from the reduction in the UK corporation tax rate from 28% to 26% commencing 1 April 2011

The tax assessed for the year is higher (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	<u>9,720</u>	<u>12,755</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 28%)	2,722	3,571
Effect of		
Expenses not deductible for tax purposes	61	41
Capital allowances for period in excess of depreciation	(23)	(9)
Movement in other short term timing differences	(284)	-
Adjustments in respect of prior periods	368	(7,841)
Total current tax charge/(credit) for the year	<u>2,844</u>	<u>(4,238)</u>

National Grid Metering Limited

Notes to the financial statements (continued)

For the year ended 31 March 2011

6 Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced in the 2011 UK Budget Report and are expected to be enacted in the Finance Act 2011. These changes included a reduction in the corporation tax rate to 26% from 1 April 2011 which has been substantively enacted as at the balance sheet date and as such, deferred tax balances have been calculated at this rate.

Other changes announced included an additional reduction in the UK corporation tax rate to 25% from April 2012, with further 1% reductions in the each of the succeeding two years, resulting in a UK corporation tax rate of 23% from April 2014. Although the reduction in the UK corporation tax rate to 25% from April 2012 has now been substantively enacted, these changes had not been substantively enacted as at the balance sheet date and have therefore not been reflected in these financial statements.

7 Pensions

Substantially all the Company's employees are members of the National Grid UK Pension Scheme. This scheme ceased to allow new hires to join from 1 April 2002. A defined contribution arrangement was offered for employees joining from 1 April 2002 onwards.

The defined benefit scheme is funded with assets held in a separate trustee administered fund. It is subject to independent actuarial valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employers' contribution, which, together with the specified contributions payable by the employees and proceeds from the scheme's assets, are expected to be sufficient to fund the benefits payable under the scheme. The Company and Trustees are currently in the final stages of agreeing the 2010 valuation.

The latest full actuarial valuation was carried out by Towers Watson as at 31 March 2007. The market value of the Scheme's assets was £12,923m and the value of the assets represented approximately 97% of the actuarial value of benefits due to members, calculated on the basis of pensionable earnings and service at 31 March 2007 on an ongoing basis and allowing for projected increases in pensionable earnings. There was a funding deficit of £442m (£327m net of tax) on the valuation date in light of which the parent company agreed a recovery plan with the trustees.

The actuarial valuation showed that, based on long-term financial assumptions, the contribution rate required to meet future benefit accrual was 32.4% of pensionable earnings (29.4% employers and 3% employees). The employer also pays an allowance for administration expenses at 3.2% of pensionable earnings, giving a total employer contribution rate of 32.6%. The employer contribution rate will be reviewed as part of the current valuation, while the administration rate is reviewed annually. Contributions to the scheme during 2011/12 will be determined as part of the current valuation negotiations with the Trustees.

The Company accounts for the Scheme as if it were a defined contribution scheme, as its share of the underlying assets and liabilities of the Scheme's defined benefit section cannot be identified separately. The total charge for the year (including defined contribution scheme contributions) was £2,147,000 (2010 £1,885,000). Outstanding/prepaid pension contributions at 31 March 2011 were nil (2010 £nil).

The fair value of liabilities and assets of the whole scheme are recognised in the consolidated financial statements of National Grid plc (the Company's ultimate parent company) in accordance with International Accounting Standard 19 'Employee Benefits'. The fair value of liabilities and assets of the whole scheme at 31 March 2011 and 2010, calculated in accordance with FRS 17 'Retirement Benefits', are set out below.

National Grid Metering Limited

Notes to the financial statements (continued)

For the year ended 31 March 2011

7 Pensions (continued)

Years ended 31 March	2011 £m	2010 £m
Actuarial value of plan liabilities	(13,322)	(13,418)
Fair value of plan assets	13,755	13,352
Surplus/(liability) in the plan	<u>433</u>	<u>(66)</u>
Asset/(liability) recognised in the consolidated financial statements of National Grid plc	433	(66)

8 Tangible assets

	Office equipment £'000	Software £'000	Total £'000
Cost.			
At 1 April 2010	311	4,780	5,091
Additions	-	1,126	1,126
At 31 March 2011	<u>311</u>	<u>5,906</u>	<u>6,217</u>
Depreciation			
At 1 April 2010	(255)	(1,867)	(2,122)
Charge for the year	(56)	(547)	(603)
At 31 March 2011	<u>(311)</u>	<u>(2,414)</u>	<u>(2,725)</u>
Net book value:			
At 31 March 2011	<u>-</u>	<u>3,492</u>	<u>3,492</u>
At 31 March 2010	56	2,913	2,969

9 Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Trade debtors	889	405
Amounts owed by fellow subsidiary undertakings	87,452	93,621
Other taxes and social security	1,275	1,487
Prepayments and accrued income	626	974
	<u>90,242</u>	<u>96,487</u>
Amounts falling due after more than one year.		
Deferred tax	<u>109</u>	<u>-</u>

National Grid Metering Limited

Notes to the financial statements (continued)

For the year ended 31 March 2011

9 Debtors (continued)

Included within the amount of £87,452,000 (2010 £93,621,000) is a loan receivable from the immediate parent company of £80,627,000 (2010 £77,852,000). Loans receivable from the parent company bear an interest charge of 3 months LIBOR (when the loan is payable the charge is 3 months LIBOR plus 1%). Other amounts owed by fellow subsidiary undertakings are unsecured, carry no fixed date of repayment and bear no interest. Historically they have been settled on a quarterly basis.

10 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdraft	1,056	770
Trade creditors	2,374	3,817
Amounts owed to fellow subsidiary undertakings	6,515	15,678
Other taxes and social security	201	152
Other creditors	683	6
Accruals and deferred income	5,814	7,972
	16,643	28,395

Bank overdraft is unsecured. Interest is charged at the bank's daily floating rate. Amounts owed to fellow subsidiary undertakings are unsecured, carry no fixed date of repayment and bear no interest.

11 Provisions for liabilities and charges

	Restructuring provision £'000	Deferred taxation £'000	Total £'000
At 1 April 2010	1,144	117	1,261
Charged/(credited) to the profit and loss	33	(226)	(193)
Transferred to debtors	-	109	109
Utilised	(1,021)	-	(1,021)
Released	(54)	-	(54)
At 31 March 2011	102	-	102

Restructuring provision

The closing restructuring provision relates to business reorganisation costs to be paid over the next year.

National Grid Metering Limited

Notes to the financial statements (continued)

For the year ended 31 March 2011

11 Provisions for liabilities and charges (continued)

Deferred tax

	2011 £'000	2010 £'000
Accelerated capital allowances	195	186
Other short term timing differences	(304)	(69)
Deferred tax (asset)/liability	<u>(109)</u>	<u>117</u>
	2011 £'000	2010 £'000
Deferred tax liability at 1 April	117	82
(Credited)/charged to profit and loss account	(226)	35
Deferred tax (asset)/liability at 31 March	<u>(109)</u>	<u>117</u>

There are no significant unrecognised deferred tax assets or liabilities (2010 £nil) The deferred tax asset is recognised in debtors The 2010 deferred tax liability is recognised in provisions

12 Called up share capital

	2011 £'000	2010 £'000
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted and fully paid		
1,373,399 ordinary shares of £1 each	<u>1,373</u>	<u>1,373</u>

13 Reserves

	Profit and loss Account £'000
At 1 April 2010	68,427
Profit for the financial year	7,102
Share based payment charge	196
At 31 March 2011	<u>75,725</u>

National Grid Metering Limited

Notes to the financial statements (continued)

For the year ended 31 March 2011

14 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	7,102	16,958
Share-based payment charge	196	181
Net increase in shareholders' funds	7,298	17,139
Opening shareholders' funds	69,800	52,661
Closing shareholders' funds	77,098	69,800

15 Related party transactions and ultimate parent company

The Company is exempt under the terms of FRS 8 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 companies where not all of the voting rights are held within the National Grid plc group of companies.

The ultimate parent and controlling company is National Grid plc and the immediate parent company is National Grid Gas plc. The largest and smallest groups which include the Company and for which consolidated financial statements are prepared are headed by National Grid plc and National Grid Gas plc respectively. 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.