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National Grid (US) Investments

Directors' Report

and Unaudited Financial Statements

For the year ended 31 March 2013

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National Grid (US) Investments

Directors' Report

For the year ended 31 March 2013

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 March 2013

Principal activity

The Company has been dormant within the meaning of the Companies Act 2006 throughout the year
The Company is also an unlimited company

Directors

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

A J Agg	(Resigned 31 May 2013)
F L Beaney	(Appointed 22 March 2013)
D C Bonar	
M A D Flawn	(Resigned 22 March 2013)
E D Fraser	(Appointed 14 February 2013)
A M Lewis	
D A Preston	(Appointed 22 March 2013)
M J Sellars	(Resigned 17 September 2012)
C J Waters	

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 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 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.

National Grid (US) Investments

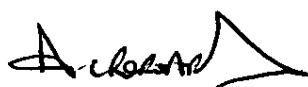
Directors' Report (continued)

For the year ended 31 March 2013

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 in the course of their professional duties. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance for each Director.

Approved by the Board and signed on its behalf by



D C Forward
Secretary
23 August 2013

Registered office
1-3 Strand
London
WC2N 5EH

Registered in England and Wales
Company registration number 3784527

National Grid (US) Investments

Profit and loss account

For the years ended 31 March

	Notes	2013 £'000	2012 £'000
Interest receivable and similar income	3	-	9,407
Preference dividend payable to a fellow subsidiary undertaking		-	(11)
Profit on ordinary activities before taxation		<hr/> -	<hr/> 9,396
Tax on profit on ordinary activities	4	-	(2,446)
Profit for the financial year		<hr/> - <hr/>	<hr/> 6,950 <hr/>

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

National Grid (US) Investments

Balance sheet

As at 31 March

	Notes	2013 £'000	2012 £'000
Current assets			
Amounts owed by immediate parent company		100	100
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account		100	100
Total shareholders' funds	7	<u>100</u>	<u>100</u>

For the year ending 31 March 2013 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

The Directors acknowledge their responsibility for

- a) 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
- b) Ensuring that the Company has complied with the Companies Act 2006 with respect to accounting records and the preparation of accounts

The financial statements on pages 3 to 7 were approved by the Board of Directors on 23 August 2013 and signed on its behalf by



D C Bonar
Director

National Grid (US) Investments

Notes to the unaudited financial statements

For the year ended 31 March 2013

1 Accounting policies

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting and financial reporting standards (FRSs) and the Companies Act 2006

(b) Taxation

Current tax 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

(c) Foreign currencies

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

(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 and the balance recorded in the share premium account

Loans receivable are carried at amortised cost using the effective interest method less any allowance for estimated impairments. A provision is established for impairments when there is objective evidence that the Company will not be able to collect all amounts due under the original terms of the loan. Interest income, together with losses when the loans are impaired, is recognised using the effective interest method in the profit and loss account

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

(e) Dividends

Interim dividends are recognised when they become payable to the Company's shareholders. Final dividends are recognised in the financial year in which they are approved

2 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 5 Directors (2012: 4) 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 (2012: none)

National Grid (US) Investments

Notes to the unaudited financial statements (continued)

For the year ended 31 March 2013

3 Interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable from fellow subsidiary undertakings	-	9,286
Interest receivable from immediate parent company	-	49
Exchange gains on revaluation of foreign currency denominated loan with immediate parent company	-	72
	<u>-</u>	<u>9,407</u>

4 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Current tax.		
UK corporation tax	-	2,446

The tax for the year is equivalent to the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	-	9,396
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	-	2,443
Effect of		
Expenses not deductible for tax purposes	-	3
Total current tax charge for the year	<u>-</u>	<u>2,446</u>

5 Dividends

	2013 £'000	2012 £'000
Equity – ordinary dividends		
First interim paid £3,354 12 per £1 share	-	755,684
Second interim paid £207,226 48 per £0 01 share	-	20,722
	<u>-</u>	<u>776,406</u>

National Grid (US) Investments

Notes to the unaudited financial statements (continued)

For the year ended 31 March 2013

6 Called up share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid		
100 ordinary shares of £0.01 each	-	-

The Company is an unlimited company

7 Reconciliation of movements in total shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	-	6,950
Dividends (see note 5)	-	(776,406)
Net movement in shareholders' funds	-	(769,456)
Opening shareholders' funds	100	769,556
Closing shareholders' funds	100	100

8 Related party transactions and ultimate parent company

The Company is exempt under FRS 8 'Related Party Disclosures' 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.

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. National Grid plc is 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.