

**Company Registration Number: 2367004**

**National Grid Holdings One plc**

**Annual Report and Financial Statements**

**For the year ended 31 March 2019**



# National Grid Holdings One plc

## Strategic Report

### For the year ended 31 March 2019

The Directors present their Strategic Report on National Grid Holdings One plc ('the Company') for the year ended 31 March 2019.

#### Review of the business

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

The Company holds investments in various intermediate holding companies including National Grid Holdings Limited (whose subsidiaries include National Grid Electricity Transmission plc ('NGET') which operates the electricity transmission system in England and Wales) and Lattice Group Limited (whose subsidiaries include National Grid Gas plc which operates the gas transmission system in Great Britain). In addition, the Company holds an investment in National Grid Electricity System Operator Limited who acquired the electricity system operator business from NGET on 1 April 2019.

#### Executive summary

The Company continues to operate as an investment holding company, and its income largely reflects dividend income from its subsidiaries and associate interests. During the year, the Company received dividends from its associate, Quadgas HoldCo Limited, of £133 million (2018: £144 million). The Company has not received any dividends from its subsidiaries during the year due to a group change in the timing of the payment of dividends. During the prior year, the Company received dividends from its subsidiary, National Grid Holdings Limited of £950 million.

As fully described in notes 8 and 10 to the financial statements, National Grid exercised the options over its remaining 39% interest in its associate, Quadgas HoldCo Limited, and the sale completed at the end of June 2019, following regulatory approvals. This equity investment (comprising the Further Acquisition Agreement (FAA) derivative, a 39% equity interest and £352 million in shareholder loans) totalling £1,965 million has been disclosed in these financial statements as 'held for sale'.

Prior to reclassification and again at the end of the year, an impairment review of the Company's interests in Quadgas HoldCo Limited was undertaken, comparing the aggregate carrying value of these interests against the future dividend income and proceeds the Company would expect to receive under the FAA and Remaining Acquisition Agreement. This resulted in a charge of £91 million (2018: £86 million) to the profit and loss account.

At 31 March 2019, the Company had commitments totalling £358 million to certain subsidiary undertakings which were in a net liability position as at this date. The Company has accordingly recognised a provision to reflect an obligation to make good these deficits.

On 25 March 2019, the Company received cash consideration from fellow subsidiary undertakings amounting to US\$399,057,000 of which US\$324,626,000 was subsequently advanced to the immediate parent company and US\$74,431,000 was used to settle an amount due to a fellow subsidiary undertaking.

There have been no other significant movements in the Company's investments or changes to intercompany balances.

Results, as detailed below, largely depend on impairment charges, net interest payable partially offset by investment income received.

#### Results

The Company's loss for the financial year was £381 million (2018: £1,022 million profit).

#### Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' equity at 31 March 2019 was £4,045 million (2018: £4,426 million) comprising fixed asset investments of £13,244 million (2018: £14,838 million) less net current liabilities of £8,796 million (2018: £10,292 million) less long term creditors and provisions of £403 million (2018: £120 million).

# **National Grid Holdings One plc**

## **Strategic Report (continued)**

**For the year ended 31 March 2019**

### **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 2018/19, which does not form part of this report.

### **Future developments**

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

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



**S W Grant**  
Director  
5 September 2019

# **National Grid Holdings One plc**

## **Directors' Report**

### **For the year ended 31 March 2019**

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2019.

#### **Future developments**

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

#### **Dividends**

No interim ordinary dividends were paid during the year (2018: £950 million). The Directors do not recommend the payment of a final dividend (2018: £nil).

#### **Financial risk management**

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

#### **Liquidity risk**

The Company finances its operations through a combination of retained profits 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. The Company holds an approved list of counterparties of good credit quality and these counterparties and their credit ratings are routinely monitored. 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 has both intercompany financial assets and financial liabilities which exposes it to interest rate cash flow risk. To the extent that the Company enters intercompany loan agreements, the Company's exposure to interest rate cash flow risk arises on such loans on which interest is charged based upon Euro, US dollar and sterling LIBOR.

#### **Foreign exchange risk**

To the extent that the Company enters intercompany loan and both intercompany and external derivative agreements in currencies different to that of the Company's functional currency, there is an exposure to movements in exchange rates. At the balance sheet date the Company has intercompany loan or derivative agreements denominated in Euros (EUR), US dollars (USD), Swedish krona (SEK) and Norwegian krona (NOK).

# **National Grid Holdings One plc**

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

**For the year ended 31 March 2019**

### **Derivative financial instruments**

Derivative financial instruments in the form of forward foreign exchange contracts and interest rate swaps are entered into for the purposes of hedging interest rate and foreign exchange risk. These derivative financial instruments are recorded at fair value in the financial statements. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. Where available, market values have been used to determine fair values. In other cases, fair values have been calculated using quotations from independent financial institutions, or by discounting expected cash flows at prevailing market rates.

As at 31 March 2019 the fair value of these derivative financial instruments resulted in an asset of £42 million (2018: £182 million) and a liability of £47 million (2018: £74 million). The net notional principal of these contracts was £2,315 million (2018: £3,176 million) with a net foreign exchange exposure of £2,315 million (2018: £3,176 million). The future expected cash flows from these derivatives are affected by changes in the Euro/GBP, SEK/GBP, NOK/GBP and USD/GBP exchange rate. The contracts have fixed settlement dates.

### **Directors**

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

A J Agg	
D C Bonar	(Resigned 26 April 2018)
A R J Bonfield	(Resigned 30 July 2018)
S W Grant	
S C Humphreys	
A M Lewis	
A K Mead	
J M Pettigrew	
C J Waters	

### **Directors' indemnity**

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

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

As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company is in a net current liabilities position, but is expected to continue to generate positive cash flows or be in a position to obtain finance via intercompany loans to continue to operate for the foreseeable future. In completing this analysis, the Directors have considered the ability of the National Grid group to provide such finance.

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 Holdings One plc**

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

**For the year ended 31 March 2019**

### **Events after the reporting period**

Subsequent to the year end, on 1 April 2019, the Company subscribed for a further 330,000,000 ordinary shares of £0.01 each in its subsidiary undertaking, National Grid Electricity System Operator Limited, for a total cash consideration of £330 million. This consideration was funded via intercompany borrowings from its immediate parent company. The subsidiary also obtained intercompany funding directly from the ultimate parent company of £120 million making a total of £450 million finance raised from group undertakings.

As detailed in notes 8 and 10 of the financial statements, the Company completed the sale of its interest in Quadgas HoldCo Limited on 27 June 2019 and 28 June 2019 for cash consideration of £1,965 million. This sale was pursuant to the FAA and RAA previously entered between the Company and the consortium of investors for the 14% and 25% interests respectively. In addition, the Company received cash consideration of £6 million in respect of interest on the shareholder loan. The total cash consideration received was used to pay an interim dividend of £1,971 million.

On 25 July 2019, the Company received dividends of £1,047 million and £869 million from its subsidiaries, Lattice Group Limited and National Grid Holdings Limited respectively. The total cash consideration received was used to settle a dividend declared to its parent, National Grid plc of £1,916 million on the same date.

### **Modern Slavery Act 2015**

In accordance with the Modern Slavery Act 2015 (section 54 part 6), the Board of National Grid Holdings One plc has adopted and approved the Statement on the prevention of slavery and human trafficking of its parent company, National Grid plc. A copy of the Statement is available on the National Grid plc website.

### **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. This confirmation is given in accordance with the provisions of section 418 of the Companies Act 2006.

### **Auditors**

At the 2019 Annual General meeting of National Grid plc, the Company's ultimate parent company, Deloitte LLP were reappointed as external auditor to the group. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed to the Company and Deloitte LLP will, therefore, continue in office.

# **National Grid Holdings One plc**

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

**For the year ended 31 March 2019**

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have 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 judgments 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.

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



**S W Grant**

Director

5 September 2019

**Registered office:**

1-3 Strand  
London  
WC2N 5EH

**Registered in England and Wales**

**Company registration number: 2367004**

# **Independent auditor's report to the members of**

## **National Grid Holdings One plc**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of National Grid Holdings One plc ('the Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18, which includes a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('the FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.



## **Independent auditor's report to the members of**

### **National Grid Holdings One plc (continued)**

#### **Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

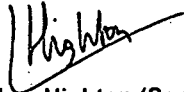
We have nothing to report in respect of these matters.

## **Independent auditor's report to the members of**

### **National Grid Holdings One plc (continued)**

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Lee Highton (Senior statutory auditor)**  
**For and on behalf of Deloitte LLP**  
Statutory Auditor  
London, UK  
5 September 2019

# National Grid Holdings One plc

## Profit and loss account

For the year ended 31 March 2019

	Notes	2019 £m	2018 £m
Operating charges		(451)	(135)
<b>Operating loss</b>	2	<b>(451)</b>	<b>(135)</b>
Income from fixed asset investments		132	1,094
Interest receivable and similar income	4	115	194
Interest payable and similar charges	5	(198)	(143)
<b>(Loss)/profit before tax</b>		<b>(402)</b>	<b>1,010</b>
Tax	6	21	12
<b>(Loss)/profit for the financial year</b>		<b>(381)</b>	<b>1,022</b>

The results reported above relate to continuing activities.

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

# National Grid Holdings One plc

## Balance sheet

As at 31 March 2019

	Notes	2019 £m	2018 £m
<b>Fixed asset investments</b>	8	<b>13,244</b>	14,838
<b>Current assets</b>			
Debtors (amounts falling due within one year)	9	4,897	4,398
Debtors (amounts falling due after more than one year)	9	24	517
Assets held for sale	10	1,965	-
<b>Total current assets</b>		<b>6,886</b>	4,915
Creditors (amounts falling due within one year)	11	(15,682)	(15,207)
<b>Net current liabilities</b>		<b>(8,796)</b>	(10,292)
<b>Total assets less current liabilities</b>		<b>4,448</b>	4,546
Creditors (amounts falling due after more than one year)	11	(35)	(110)
Provision for liabilities and charges	14	(368)	(10)
<b>Net assets</b>		<b>4,045</b>	4,426
<b>Equity</b>			
Share capital	15	176	176
Share premium account		335	335
Revaluation reserve		624	624
Other equity reserve		3	3
Profit and loss account		2,907	3,288
<b>Total shareholders' equity</b>		<b>4,045</b>	4,426

These financial statements on pages 10 to 26 were approved by the Board of Directors on 5 September 2019 and were signed on its behalf by:



**S W Grant**  
Director

**National Grid Holdings One plc**  
Company registration number: 2367004

# National Grid Holdings One plc

## Statement of changes in equity

For the year ended 31 March 2019

	Share capital £m	Share premium account £m	Revaluation Reserve (i) £m	Other equity reserve £m	Profit and loss account £m	Total shareholders' equity £m
At 1 April 2017	176	335	624	3	3,216	4,354
Profit for the financial year	-	-	-	-	1,022	1,022
Equity dividends (note 7)	-	-	-	-	(950)	(950)
At 31 March 2018	176	335	624	3	3,288	4,426
Loss for the financial year	-	-	-	-	(381)	(381)
<b>At 31 March 2019</b>	<b>176</b>	<b>335</b>	<b>624</b>	<b>3</b>	<b>2,907</b>	<b>4,045</b>

(i) During the year ended 31 March 1999, the Company acquired all of the ordinary shares in National Grid Holdings Limited in exchange for shares in subsidiary undertakings, including National Grid Electricity Transmission plc (at that date 'The National Grid Company plc'). The carrying value of National Grid Holdings Limited within fixed asset investments represents the value attributable to the initial investment in The National Grid Company plc, which was acquired for no consideration and was based on a pro-forma net asset value at the date of acquisition, plus all additional investments at cost. As a result of this transaction a revaluation reserve of £624 million was created.

**National Grid Holdings One plc**  
**Notes to the financial statements**  
**For the year ended 31 March 2019**

**1. Summary of significant accounting policies**

National Grid Holdings One plc is a public 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 domiciled in England with its registered office at 1-3 Strand, London, WC2N 5EH.

**(a) Basis of preparation**

The financial statements of National Grid Holdings One plc for the year ended 31 March 2019 were approved by the Board of Directors on 6 September 2019. 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 except for the revaluation of derivative financial instruments and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates. The 2018 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. 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 in a net current liabilities position, but is expected to be in a position to obtain finance via intercompany loans to continue to operate for the foreseeable future. In completing this analysis the Directors have considered the ability of the National Grid group to provide such finance.

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.

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

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

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;
- disclosures in respect of transactions with National Grid plc and its subsidiaries;
- disclosures in respect of capital management;
- disclosures in respect of fixed asset investments; 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'.

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' with effect from 1 April 2018. The adoption of IFRS 9 has had no material impact and the adoption of IFRS 15 has had no impact on the Company.

# **National Grid Holdings One plc**

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

**For the year ended 31 March 2019**

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

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

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.

A critical area of judgement required in preparing these financial statements involved the assessment of the carrying value of fixed asset investments. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the valuation of derivative financial instruments.

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

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

#### **(c) Fixed asset investments**

Investments in subsidiary undertakings and associate held as fixed assets are stated at cost less any provisions for impairment.

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

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

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

#### **(e) Equity instruments**

An equity instrument is any contract that includes 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.

#### **(f) Assets held for sale**

Assets are classified as held for sale when their carrying amounts are recovered through sale rather than through continuing use. It only meets the held for sale condition when the assets are ready for immediate sale in their present condition, management is committed to the sale and it is highly probable that the sale will complete within one year.

# **National Grid Holdings One plc**

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

**For the year ended 31 March 2019**

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

#### **(g) Financial instruments**

The Company adopted IFRS 9 with effect from 1 April 2018. The comparatives are not required to be restated and are accounted for in accordance with IAS 39. 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 subsidiary undertakings, joint ventures and associates, and other loans to subsidiaries within the National Grid group. For the purposes of impairment assessment loans to subsidiary and fellow subsidiary undertakings are individually assessed based on a review of solvency and liquidity arrangements.

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.

#### **2018**

Loans receivable are initially recognised at fair value plus transaction costs and subsequently held at amortised cost using the effective interest method. 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 gains and losses when the loans are derecognised or impaired, are recognised in the profit and loss account.

#### **Derivatives**

Derivative financial instruments are initially recognised at fair value and subsequently remeasured to fair value at each reporting date. Changes in fair values are recorded in the period they arise, in either the profit and loss account or other comprehensive income as required by IAS39/IFRS 9. Where the fair value of a derivative is positive, it is carried as a derivative asset and where negative, as a derivative liability.



# National Grid Holdings One plc

## Notes to the financial statements (continued)

For the year ended 31 March 2019

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

#### (h) Hedge accounting

The Company adopted IFRS 9 with effect from 1 April 2018. Hedge accounting comparatives are not required to be restated and are accounted for in accordance with IAS 39.

The Company enters into derivatives and non derivative financial instruments in order to manage its interest rate and foreign currency exposures, with a view to managing these risks associated with the Company's underlying business activities and the financing of those activities. The principal derivatives used include interest rate swaps and forward foreign currency contracts.

Hedge accounting allows derivatives to be designated as a hedge of another (non-derivative) financial instrument, to mitigate the impact of potential volatility in the profit and loss account. The Company has used hedge accounting to hedge investments in overseas subsidiary undertakings.

Changes in the carrying value of financial instruments that are designated as hedges of the changes in the fair value of assets or liabilities ('fair value hedges') are recognised in the profit and loss account. An offsetting amount is recorded as an adjustment to the carrying value of hedged items, with a corresponding entry in the profit and loss account, to the extent that the change is attributable to the risk being hedged and that the fair value hedge is effective.

Hedge accounting is discontinued when a hedging relationship no longer qualifies for hedge accounting. For fair value hedges the cumulative adjustment recorded to its carrying value at the date hedge accounting is discontinued is recognised in the profit and loss account as the hedged item impacts profit or loss.

#### (i) 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. Operating loss

	2019 £m	2018 £m
<b>Operating loss is stated after charging:</b>		
Loss on sale of fixed asset investment	-	49
Amounts written off fixed asset investment	91	86
Recognition of provisions in respect of net liabilities of subsidiary undertakings (note 14)	358	-

Operating loss is stated after charging audit fees of the Company of £37,000 (2018: £36,000) and audit fees of fellow subsidiary undertakings of £56,000 (2018: £55,000).

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

# National Grid Holdings One plc

## Notes to the financial statements (continued)

For the year ended 31 March 2019

### 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 7 Directors (2018: 8) 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 (2018: none).

### 4. Interest receivable and similar income

	2019 £m	2018 £m
Interest receivable from subsidiary undertakings	32	3
Interest receivable from fellow subsidiary undertakings	9	4
Interest receivable from immediate parent company	4	2
Interest receivable from an associate	24	27
Other interest receivable	1	1
Exchange gains on revaluation of foreign currency denominated intercompany loans	22	7
Changes in fair value of intercompany derivatives	18	30
Changes in fair value of external derivatives	5	120
	<u>115</u>	<u>194</u>

### 5. Interest payable and similar charges

	2019 £m	2018 £m
Interest payable to subsidiary undertakings	84	56
Interest payable to fellow subsidiary undertakings	61	33
Interest payable to immediate parent company	5	3
Other interest payable	-	1
Exchange losses on revaluation of foreign currency denominated intercompany loans	4	36
Changes in fair value of intercompany derivatives	37	9
Changes in fair value of external derivatives	7	5
	<u>198</u>	<u>143</u>

### 6. Tax

	2019 £m	2018 £m
<b>Current tax:</b>		
UK corporation tax	(21)	(13)
Adjustments in respect of prior years	-	1
	<u>(21)</u>	<u>(12)</u>

# National Grid Holdings One plc

## Notes to the financial statements (continued)

For the year ended 31 March 2019

### 6. Tax (continued)

The tax credit for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £m	2018 £m
(Loss)/profit before tax	(402)	1,010
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(76)	192
Effect of:		
Expenses not deductible for tax purposes	85	26
Non-taxable income from investments	(25)	(208)
Non-taxable income	-	(21)
Taxation on transfer pricing adjustments	(5)	(2)
Adjustments in respect of prior years	-	1
<b>Total tax credit in the profit and loss account</b>	<b>(21)</b>	<b>(12)</b>

Deferred tax assets in respect of capital losses of £nil (2018: £6 million) and non-trade deficits of £nil (2018: £1 million) have not been recognised as their future recovery is uncertain or not currently anticipated. The capital losses and non-trade deficits are available to carry forward indefinitely and can be offset against specific types of future capital gains and non-trade profits.

There are no other significant unrecognised deferred tax assets or liabilities (2018: £nil).

#### Factors that may affect future tax charges

The main rate of UK corporation tax is reduced to 17% with effect from 1 April 2020.

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 cause any material impact on future tax charges.

### 7. Equity dividends

	2019 £m	2018 £m
<b>Equity - ordinary dividends</b>		
First interim paid: nil pence (2018: 10.01 pence) per share	-	150
Second interim paid: nil pence (2018: 6.68 pence) per share	-	100
Third interim paid nil pence (2018: 46.73 pence) per share	-	700
	-	950

# National Grid Holdings One plc

## Notes to the financial statements (continued)

For the year ended 31 March 2019

### 8. Fixed asset investments

	Shares in subsidiary undertakings £m	Shares in an associate £m	Total £m
<b>Cost:</b>			
At 1 April 2018	13,244	1,680	14,924
Transfer to assets held for sale	-	(1,680)	(1,680)
At 31 March 2019	13,244	-	13,244
<b>Provision:</b>			
At 1 April 2018	-	86	86
Charge for the year	-	91	91
Transfer to assets held for sale	-	(177)	(177)
At 31 March 2019	-	-	-
<b>Net book value:</b>			
At 31 March 2019	13,244	-	13,244
At 31 March 2018	13,244	1,594	14,838

The shares in an associate relate to our investment in Quadgas HoldCo Limited which was designated as held for sale during the year. See note 10 for further details.

The fixed asset investments at 31 March 2019 were as follows:

Name of subsidiary	Principal activity
Lattice Group Limited	Investment company
National Grid Belgium Limited	Dormant
National Grid Carbon Limited	Carbon capture
National Grid Distributed Energy Limited	Dormant
National Grid Holdings Limited	Investment company
National Grid Interconnector Holdings Limited	Holding company
National Grid Interconnectors Limited	Interconnector between the UK and France
National Grid Jersey Investments Limited	Investment company
National Grid Offshore Limited	Dormant
National Grid Electricity System Operator Limited	Dormant
National Grid Technologies Limited	Dormant
National Grid UK Limited	Investment company

For the above subsidiaries, the Company holds 100% of the ordinary share capital and each of the companies are registered in England and Wales with a registered office at 1-3 Strand, London, WC2N 5EH with the exception of National Grid Jersey Investments Limited which is incorporated in Jersey with a registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG, UK.

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

# National Grid Holdings One plc

## Notes to the financial statements (continued)

For the year ended 31 March 2019

### 8. Fixed asset investments (continued)

The Company also controls indirectly through its subsidiary undertakings a number of companies split between subsidiaries and joint ventures and associates as listed below. These undertakings are wholly owned unless otherwise indicated.

#### Incorporated in England and Wales

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

Beegas Nominees Limited	National Grid Seventeen Limited
Birch Sites Limited	National Grid Smart Limited
Carbon Sentinel Limited	National Grid Thirty Five Limited
Droylsden Metering Services Limited	National Grid Thirty Six Limited
Gridcom Limited	National Grid Twenty Eight Limited
Icelink Interconnector Limited	National Grid Twenty Seven Limited
Landranch Limited	National Grid UK Pension Services Limited
Lattice Group Employee Benefit Trust Limited	National Grid Ventures Limited
Lattice Group Trustees Limited	National Grid Viking Link Limited
Natgrid Limited	National Grid William Limited
National Grid Blue Power Limited	NG Nominees Limited
National Grid Commercial Holdings Limited	NG Shetland Link Limited
National Grid Electricity Group Trustee Limited	NGC Employee Shares Trustee Limited
National Grid Electricity Transmission plc	Ngrid Intellectual Property Limited
National Grid Energy Metering Limited	NGT Telecom No. 1 Limited
National Grid Four Limited	Port Greenwich Limited
National Grid Fourteen Limited	Stargas Nominees Limited
National Grid Gas Holdings Limited	Supergrid Electricity Limited
National Grid Gas plc	Supergrid Energy Transmission Limited
National Grid Grain LNG Limited	Supergrid Limited
National Grid IFA2 Limited	Thamesport Interchange Limited
National Grid International Limited	The National Grid Group Quest Trustee Limited
National Grid Metering Limited	The National Grid YouPlan Trustee Limited
National Grid North Sea Link Limited	Transco Limited
National Grid Property Holdings Limited	Warwick Technology Park Management Company (No 2) Limited (60.56%)

#### Incorporated in the US

Registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, USA.

British Transco Capital Inc.  
British Transco Finance, Inc.

#### Incorporated in the Netherlands

British Transco International Finance B.V.

Registered office: Westblaak 89, 3012 KG Rotterdam, PO Box 21153, 3001 AD, Rotterdam, Netherlands

National Grid Holdings B.V.

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

# National Grid Holdings One plc

## Notes to the financial statements (continued)

For the year ended 31 March 2019

### 8 Fixed asset investments (continued)

#### Incorporated in Australia

National Grid Australia Pty Limited

Registered office: Level 7, 330 Collins Street, Melbourne VIC 3000, Australia

#### Incorporated in the Isle of Man

National Grid Insurance Company (Isle of Man) Limited

NGT Holding Company (Isle of Man) Limited

Registered office: Third Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man, UK

#### Incorporated in the Republic of Ireland

National Grid Company (Ireland) Designated Activity Company \*

Registered office: c/o Moore Stephens Nathans, Third Floor, Ulysees House, 23/24 Foley Street, Dublin 1, D01 W2T2, Ireland.

#### Incorporated in Jersey

NG Jersey Limited

Registered office: 44 Esplanade, St Helier, Jersey, JE4 9WG, UK

\* In liquidation

The following indirectly owned entities are joint ventures:

#### Incorporated in England and Wales

Registered office: 1-3 Strand, London, WC2N 5EH (unless stated otherwise in footnotes)

BritNed Development Limited (50%)\*

Joint Radio Company Limited (50%)\*\*1

Nemo Link Limited (50%)

NGET/SPT Upgrades Limited (50%)\*\*\*

St William Homes LLP (50%)<sup>2</sup>

\* National Grid Interconnector Holdings Limited owns 284,500,000 €0.20 C Ordinary shares and one £1.00 Ordinary A share

\*\* National Grid Gas plc owns all £1.00 A Ordinary shares

\*\*\* National Grid Electricity Transmission plc owns 50 £1.00 A Ordinary shares

1. Registered office: Friars House, Manor House Drive, Coventry, CV1 2TE, UK

2. Registered office: Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG, UK

#### Incorporated in France

IFA2 SAS (50%)

Registered office: 1 Terrasse Bellini, Tour Initiale, TSA 41000 – 9291, Paris La Defense, CEDEX, France

The following indirectly owned entity is an associate

#### Incorporated in Belgium

Coreso SA (15.84%)

Registered office: Avenue de Cortenbergh 71, 1000 Brussels, Belgium

The following indirectly owned entity is classed as an other investment

#### Incorporated in England and Wales

Energis plc (33.06%)\*

Registered office: 1 More London Place, London SE1 2AF

\* In administration

**National Grid Holdings One plc**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2019**

**9. Debtors**

	2019 £m	2018 £m
<b>Amounts falling due within one year</b>		
Derivative financial instruments (note 12)	18	17
Amounts owed by subsidiary undertakings	3,555	3,298
Amounts owed by fellow subsidiary undertakings	697	877
Amounts owed by immediate parent company	627	203
Corporation tax recoverable	-	3
	<u>4,897</u>	<u>4,398</u>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Where intercompany loans are interest-bearing, interest is charged at rates determined by Treasury. For the purposes of the impairment assessment 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.

On 25 March 2019, the Company received cash consideration from fellow subsidiary undertakings amounting to US\$399,057,000 of which US\$324,626,000 was subsequently advanced to the immediate parent company and US\$74,431,000 was used to settle an amount due to a fellow subsidiary undertaking.

	2019 £m	2018 £m
<b>Amounts falling due after more than one year</b>		
Derivative financial instruments (note 12)	24	165
Amounts owed by associate (note 10)	-	352
	<u>24</u>	<u>517</u>

**10. Assets held for sale**

	2019 £m	2018 £m
Assets held for sale	<u>1,965</u>	<u>-</u>

On 31 March 2017, National Grid sold 61% of its UK Gas Distribution business and retained 39% through an equity interest in Quadgas HoldCo Limited ('Quadgas'). At the same time, the Company entered a Further Acquisition Agreement (FAA), a put/call arrangement, to sell a further 14% of our investment between 1 March 2019 and 30 June 2019 (our put, having given six months' notice) or between 1 July 2019 and 31 October 2019 (the buyer's call, having given six months' notice).

**National Grid Holdings One plc**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2019**

**10. Assets held for sale (continued)**

On 1 May 2018, National Grid announced that it had entered into a Remaining Acquisition Agreement (RAA) with the buyer for the remaining 25% interest in Quadgas under an agreement similar to the FAA. Though the pricing under the RAA is less favourable than the FAA, in all other respects, the RAA is similar to the FAA in particular regarding the windows for the notice to be given and exercise of the put and call options. This resulted in the recognition of a net derivative financial asset with a fair value of £110 million (2018: £110 million) relating to the FAA. The fair value of this derivative was initially determined by comparing the pricing mechanism within the FAA against that of the agreement concerning the remaining 25% interest. The £110 million gain as at 31 March 2018 reflected the pricing differential between the two contracts.

An impairment review of the Company's interests in Quadgas (comprising the FAA derivative, a 39% equity interest and £351 million in shareholder loans) was undertaken, comparing the aggregate carrying value of these interests against the future dividend income and proceeds the Company would expect to receive under the FAA and RAA. At 31 March 2019, this resulted in a charge of £91 million (2018: £86 million) to the profit and loss account.

National Grid has exercised the options over the remaining 39% interest in Quadgas and the sale completed during June 2019, following customary regulatory approvals.

The aggregate carrying value of our investment in Quadgas at 31 March 2019 was £1,965 million determined with reference to the future proceeds expected to be received under the FAA and RAA. This comprises the carrying value of the Company's equity interest in Quadgas of £1,504 million, the shareholder loan of £351 million and the derivatives described above.

**Assets held for sale**

Under IFRS, the reclassification of assets (and any associated liabilities) as 'held for sale' can only be triggered once the assets are available for sale in their present condition and the sale is 'highly probable'. The highly probable criterion is met when the sale is expected to be completed within a year. The equity investment has been 'held for sale' with effect from 30 June 2018, since the sale completed during June 2019.

The aggregate carrying value of the assets and liabilities which were sold amounted to £1,965 million reflecting the total proceeds that were received. No discounting was applied on the basis that the period to exercise was less than a year. The value allocated to each element of the sale at 31 March 2019 is as follows:

- the shareholder loan receivable is valued at par of £352 million;
- the RAA derivative is valued at £nil;
- the FAA derivative is valued at £110 million; and
- the residual balance of £1,503 million has been allocated to the investment in associate.



# National Grid Holdings One plc

## Notes to the financial statements (continued)

For the year ended 31 March 2019

### 11. Creditors

	2019 £m	2018 £m
<b>Amounts falling due within one year</b>		
Borrowings*	38	74
Derivative financial instruments (note 12)	23	18
Amounts owed to subsidiary undertakings	7,597	7,453
Amounts owed to fellow subsidiary undertakings	7,459	7,095
Amounts owed to immediate parent company	482	486
Other creditors	58	65
Corporation tax payable	10	-
Accruals	15	16
	<u>15,682</u>	<u>15,207</u>

\* Borrowings represent a bank loan payable.

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Where intercompany loans are interest-bearing, interest is charged at rates determined by Treasury.

	2019 £m	2018 £m
<b>Amounts falling due after more than one year</b>		
Derivative financial instruments (note 12)	24	56
Other creditors	11	54
	<u>35</u>	<u>110</u>

### 12. Derivative financial instruments

The fair values of derivative financial instruments are:

	Assets £m	2019 Liabilities £m	Total £m
Amounts falling due within one year	18	(23)	(5)
Amounts falling due after one year	24	(24)	-
	<u>42</u>	<u>(47)</u>	<u>(5)</u>
		2018	
	Assets £m	Liabilities £m	Total £m
Amounts falling due within one year	17	(18)	(1)
Amounts falling due after one year	165	(56)	109
	<u>182</u>	<u>(74)</u>	<u>108</u>

**National Grid Holdings One plc**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2019**

**13. Derivative financial instruments**

For each class of derivative the notional contract\* amounts are as follows:

	2019 £m	2018 £m
Further Acquisition Agreement (note 10)	-	(739)
Forward foreign exchange contracts	<u>(2,315)</u>	<u>(2,437)</u>
	<u>(2,315)</u>	<u>(3,176)</u>

\* The notional amounts of derivatives indicate the gross nominal value of transactions outstanding.

**14. Provision for liabilities and charges**

	Other £m
At 1 April 2018	10
Charged to profit and loss account	<u>358</u>
At 31 March 2019	<u>368</u>

The other provisions comprise £10 million (2018: £10 million) in respect of transaction costs in association with the sale of UK Gas Distribution the expenditure for which is expected to be incurred over the next year. In addition, at 31 March 2019 the Company had commitments totalling £358 million to certain non-regulated subsidiary undertakings which were in a net liability position as at this date. The Company has accordingly recognised a provision to reflect an obligation to make good these deficits.

**15. Share capital**

	2019 £m	2018 £m
<b>Allotted, called up and fully paid</b>		
1,498 (2018: 1,498) million ordinary shares of 11 13/17 pence	<u>176</u>	<u>176</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.

**16. Commitments and contingencies**

The Company has guaranteed the repayment of the principal sum, any associated premium and interest on specific loans due from certain subsidiary undertakings primarily to third parties. At the reporting date the sterling equivalent amounted to £1 million (2018: £4 million).

In addition, the Company has provided confirmations for certain non-regulated subsidiary undertakings who are in a net current liabilities position that it will meet their liabilities for a period of not less than one year from the date of approval of their financial statements. As disclosed in note 14 the Company has recognised a provision against this commitment for these subsidiaries in a net liability position.

In addition, as part of the sectionalisation of the National Grid UK Pension Scheme, a guarantee of £1 billion has been provided to Section A. This payment is contingent on insolvency or on failure to pay pensions obligations to Section A and can be claimed against National Grid plc, National Grid Holdings One plc or Lattice Group Limited (up to £1 billion in total).

**National Grid Holdings One plc**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2019**

**17. Related party transactions**

The Company is exempt under FRS 101.8k from disclosing transactions with National Grid plc and its subsidiary undertakings where all of the voting rights are held within the group.

As disclosed in notes 8, 9 and 10 to the financial statements the Company holds an 39% investment and shareholder loan in an associate, Quadgas HoldCo Limited. The Company has received dividends of £133 million (2018: £144 million) and interest on the shareholder loan of £24 million (2018: £27 million)

**18. Ultimate parent company**

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

**19. Events after the reporting period**

Subsequent to the year end, on 1 April 2019, the Company subscribed for a further 330,000,000 ordinary shares of £0.01 each in its subsidiary undertaking, National Grid Electricity System Operator Limited, for a total cash consideration of £330 million. This consideration was funded via intercompany borrowings from its immediate parent company. The subsidiary also obtained intercompany funding directly from the ultimate parent company of £120 million making a total of £450 million finance raised from group undertakings.

As detailed in notes 8 and 10 to the financial statements, the Company completed the sale of its interest in Quadgas HoldCo Limited on 27 June 2019 and 28 June 2019 for cash consideration of £1,965 million. This sale was pursuant to the FAA and RAA previously entered between the Company and the consortium of investors for the 14% and 25% interests respectively. In addition, the Company received cash consideration of £6 million in respect of interest on the shareholder loan. The total cash consideration received was used to pay an interim dividend of £1,971 million.

On 25 July 2019, the Company received dividends of £1,047 million and £869 million from its subsidiaries, Lattice Group Limited and National Grid Holdings Limited respectively. The total cash consideration received was used to settle a dividend declared to its parent, National Grid plc of £1,916 million on the same date.