

Company Registration Number: 5521240

**NatGrid One Limited**

**Annual Report and Financial Statements**

**For the year ended 31 March 2021**

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**NatGrid One Limited**  
**Strategic Report**  
**For the year ended 31 March 2021**

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

**Review of the business**

The Company holds an investment in another National Grid plc subsidiary company, National Grid US 6 LLC, and obtains finance from that subsidiary and fellow subsidiary companies via intercompany balances.

**Executive summary**

There have been no changes in the Company's trading activities during the year as reported in the profit and loss account. The Company has an intercompany loan payable to its subsidiary and continues to incur interest charges on that loan. There were no movements in the Company's investment or significant changes in intercompany balances.

Results, as detailed below, largely depend on interest costs incurred.

**Results**

The Company's loss for the year was £20,747,000 (2020: £30,370,000 loss).

**Financial position**

The financial position of the Company is presented in the balance sheet. Total shareholders' deficit at 31 March 2021 was £446,821,000 (2020: £426,074,000) comprising a fixed asset investment of £1,286,079,000 (2020: £1,286,079,000) less net current liabilities of £1,732,900,000 (2020: £1,712,153,000).

**Key performance indicators and principal risks and uncertainties**

As the Company is part of a larger group, the management of the Company does not involve the use of key performance indicators in measuring the development, performance or the position of the Company and the principal risks and uncertainties are integrated with the principal risks of National Grid plc. For information on the development, performance, risks, uncertainties and position of National Grid plc and its subsidiaries ('National Grid'), and of the key performance indicators used, refer to the Strategic Report included in National Grid plc's Annual Report and Accounts 2020/21, which does not form part of this report.

**Financial risk management**

The management of the Company and the execution of the Company's strategy are subject to a number of financial risks. The Directors have identified the need to manage the Company's material financial risks, including liquidity, credit and interest rate cash flow 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 new share issues and intercompany loans to ensure that the Company has sufficient long-term and short-term funds available for current operations and future activities.

**NatGrid One Limited**  
**Strategic Report (continued)**  
**For the year ended 31 March 2021**

**Financial risk management (continued)**

**Credit risk**

The Company aims to reduce the risk of loss arising from default by parties to financial transactions.

**Interest rate cash flow risk**

The Company has an intercompany financial liability which exposes it to interest rate cash flow risk. To the extent that the Company enters into this intercompany loan agreement, the Company's exposure to interest rate cash flow risk arises on this loan on which interest is charged based upon sterling LIBOR.

LIBOR is being replaced as an interest rate benchmark by alternative reference rates. This impacts contracts including financial liabilities that pay LIBOR-based cash flows, and derivatives that receive or pay LIBOR-based cash flows. The change in benchmark also affects discount rates which will impact the valuations of certain liabilities. The Directors are managing the risk by planning to replace LIBOR cash flows with alternative reference rates on affected contracts. The migration project is underway, with all affected contracts expected to be amended by 31 December 2021. As at 31 March 2021, no contracts had yet been amended. The Finance Committee of the National Grid plc Board have delegated to the treasury department the authority to determine which benchmarks are the most appropriate. A combination of LIBOR and the successor benchmarks, primarily GBP Sterling Overnight Index Average (SONIA) and USD Secured Overnight Financing Rate (SOFR) will be used in the portfolio during the migration period.

**Impact of COVID-19 and Brexit**

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

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

**Future developments**

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

**Section 172 (1) statement**

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

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

**NatGrid One Limited**  
**Strategic Report (continued)**  
**For the year ended 31 March 2021**

**Section 172 (1) statement (continued)**


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

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

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

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

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

DocuSigned by:  
  
CD578C5FC5B2475  
**M Barnes**  
Company Secretary  
29 July 2021

## **NatGrid One Limited**

### **Directors' Report**

#### **For the year ended 31 March 2021**

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

#### **Future developments**

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

#### **Principal risk and uncertainties**

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

#### **Financial risk management**

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

#### **Dividends**

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

#### **Directors**

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

J P Clay  
K M Dickie (Appointed 1 July 2020)  
S W Grant  
A K Mead  
D A Preston  
C J Waters

#### **Directors' indemnity**

National Grid has arranged, in accordance with the Companies Act 2006 and the Articles of Association, qualifying third-party indemnities against financial exposure that Directors may incur during their professional duties. Equivalent qualifying third-party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board in prior financial years for matters arising when they were Directors of the Company. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance cover for each Director.

#### **Going concern**

These financial statements have been prepared on a going concern basis, which presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed.

The Company is in a net liabilities position, but is expected to continue 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 and have received assurances in writing that the Group will continue to provide funding for the foreseeable future.

The Directors have considered the impact of COVID-19 on the Group, as described in note 1 to the consolidated financial statements in National Grid's Annual Report and Accounts 2020/21, and on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

**NatGrid One Limited**  
**Directors' Report (continued)**  
**For the year ended 31 March 2021**

**Audit exemption**

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

**Statement of Directors' responsibilities**

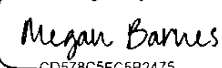
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DocuSigned by:  
  
CD578C5FC5B2475  
**M Barnes**  
Company Secretary  
29 July 2021

**Registered office:**

1-3 Strand  
London  
WC2N 5EH

**Registered in England and Wales**

**Company registration number: 5521240**

**NatGrid One Limited**  
**Profit and loss account**  
**For the year ended 31 March 2021**

	Notes	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Interest payable to a subsidiary undertaking		<b>(20,747)</b>	(30,370)
<b>Loss before tax</b>	2	<u><b>(20,747)</b></u>	<u>(30,370)</u>
Tax	4	-	-
<b>Loss for the year</b>		<u><b>(20,747)</b></u>	<u>(30,370)</u>

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

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

# NatGrid One Limited

## Balance sheet

As at 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed asset investment</b>	5	<u>1,286,079</u>	<u>1,286,079</u>
<b>Current liabilities</b>			
Creditors (amounts falling due within one year)	6	(1,732,900)	(1,712,153)
<b>Net current liabilities</b>		<u>(1,732,900)</u>	<u>(1,712,153)</u>
<b>Total assets less current liabilities</b>		<u>(446,821)</u>	<u>(426,074)</u>
<b>Net liabilities</b>		<u>(446,821)</u>	<u>(426,074)</u>
<b>Equity</b>			
Share capital	7	131,641	131,641
Other equity reserve		352	352
Profit and loss account		(578,814)	(558,067)
<b>Total shareholders' deficit</b>		<u>(446,821)</u>	<u>(426,074)</u>

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

The Directors acknowledge their responsibility for:

- Ensuring the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- Ensuring that the Company has complied with the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements set out on pages 6 to 12 were approved by the Board of Directors on 29 July 2021 and were signed on its behalf by:

DocuSigned by:  
  
 543744FB68524D9  
**K M Dickie**  
 Director

**NatGrid One Limited**  
 Company registration number: 5521240



**NatGrid One Limited**  
**Statement of changes in equity**  
**For the year ended 31 March 2021**

	Share capital £'000	Other equity reserve (i) £'000	Profit and loss account £'000	Total shareholders' deficit £'000
At 1 April 2019	131,641	352	(527,697)	(395,704)
Loss for the year	-	-	(30,370)	(30,370)
At 31 March 2020	131,641	352	(558,067)	(426,074)
Loss for the year	-	-	(20,747)	(20,747)
<b>At 31 March 2021</b>	<b>131,641</b>	<b>352</b>	<b>(578,814)</b>	<b>(446,821)</b>

(i) The other equity reserve represents a non-cash capital contribution made to the Company by its immediate parent, National Grid North America Inc.

# NatGrid One Limited

## Notes to the financial statements

### For the year ended 31 March 2021

#### 1 Summary of significant accounting policies

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

##### (a) Basis of preparation

The financial statements of NatGrid One Limited for the year ended 31 March 2021 were approved by the Board of Directors on 29 July 2021. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with *Financial Reporting Standard 101 'Reduced Disclosure Framework'* (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements have been prepared on an historical cost basis and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates. The 2020 comparative financial information has also been prepared on this basis.

These financial statements have been prepared on a going concern basis, which presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed.

*The Company is in a net liabilities position, but is expected to continue 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 and have received assurances in writing that the Group will continue to provide funding for the foreseeable future.*

The Directors have considered the impact of COVID-19 on the Group, as described in note 1 to the consolidated financial statements in National Grid's Annual Report and Accounts 2020/21, and on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern. *Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.*

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

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

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

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.

# NatGrid One Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2021

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

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

As the consolidated financial statements of National Grid plc which are available from the registered office, include the equivalent disclosures, the Company has taken the exemptions under FRS 101 in respect of certain disclosures required by IFRS 13 'Fair value measurement' and the disclosures required by IFRS 7 'Financial instruments: Disclosures'.

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

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

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

#### (b) Fixed asset investments

Investments in subsidiary undertakings 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.

#### (c) Tax

The tax charge for the year is recognised in the profit and loss account, the statement of comprehensive income or directly in equity according to the accounting treatment of the related transaction. The tax charge 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.

#### (d) Financial instruments

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

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, 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) Equity instruments

An equity instrument is any contract that includes a residual interest in the assets of the Company after deducting all liabilities and is recorded at the proceeds received, net of direct issue costs, with an amount equal to the nominal amount of the shares issued included in the share capital account.

**NatGrid One Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2021**

**2 Loss before tax**

The Company no longer incurs audit fees. In the prior year, audit fees of £3,000 were borne by a fellow subsidiary undertaking and not recharged.

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

**3 Directors and employees**

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other National Grid subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements. During the year, there were 5 Directors (2020: 5) who exercised share options in or received ordinary shares as part of long term incentive plans of the ultimate parent company, National Grid plc.

There were no employees of the Company during the year (2020: none).

**4 Tax**

	2021 £'000	2020 £'000
<b>Current tax:</b>		
UK corporation tax	-	-

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

	2021 £'000	2020 £'000
Loss before tax	(20,747)	(30,370)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(3,942)	(5,770)
Effect of:		
Taxation on transfer pricing adjustments	3,942	5,770
<b>Tax charge in the profit and loss account</b>	-	-

**Factors that may affect future tax charges**

In the Spring Budget 2021, the UK government announced an increase in the main corporation tax rate from 19% to 25% with effect from 1 April 2023.

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

**NatGrid One Limited**  
**Notes to the financial statements**  
**For the year ended 31 March 2021**

**5 Fixed asset investment**

	<b>Shares in a subsidiary undertaking £'000</b>
<b>Cost and net book value</b>	
At 1 April 2020 and 31 March 2021	<b>1,286,079</b>

The fixed asset investment at 31 March 2021 represents 100% of the ordinary share capital of National Grid US 6 LLC, an investment holding company formed under Delaware law in the United States of America with a registered office of: Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States of America.

The Directors believe that the carrying value of the investment is supported by the value of the underlying net assets of National Grid US 6 LLC.

**6 Creditors (amounts falling due within one year)**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Amounts owed to a subsidiary undertaking	<b>1,730,672</b>	1,709,925
Amounts owed to a fellow subsidiary undertaking	<b>2,228</b>	2,228
	<b><u>1,732,900</u></b>	<b><u>1,712,153</u></b>

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.

**7 Share capital**

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Allotted, called up and fully paid</b>		
249,617,889 (2020: 249,617,889) ordinary shares of US\$1 each	<b><u>131,641</u></b>	<b><u>131,641</u></b>

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

**8 Related party transactions**

The Company is exempt under FRS 101.8(k) from disclosing transactions with National Grid plc and its subsidiary undertakings where all of the voting rights are held within the group. There were no related party transactions with other companies.

**9 Ultimate parent company**

The ultimate parent and controlling company is National Grid plc and the immediate parent company is National Grid North America Inc. 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 North America Inc. respectively. National Grid plc is registered in England and Wales at the registered office below and National Grid North America Inc. is incorporated in the United States of America at the registered office: 251 Little Falls Drive, Wilmington, DE 19808, United States of America.

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