

**Jersey Company Registration Number: 87703**

**England and Wales Company Registration Number: FC25510**

**National Grid Jersey Investments Limited**

**Directors' Report and Financial Statements**

**For the year ended 31 March 2016**

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# **National Grid Jersey Investments Limited**

## **Directors' Report**

### **For the year ended 31 March 2016**

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 March 2016

#### **Principal activities**

The Company holds an investment in another National Grid plc subsidiary company and obtains and provides finance to fellow subsidiary companies via intercompany balances

#### **Business review**

The Company is incorporated under Jersey law, however, the Company is managed and controlled in the United Kingdom and is considered resident in the United Kingdom for tax purposes

This is the first time that the Company has prepared financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, but makes amendments where necessary in order to comply with Companies (Jersey) Law 1991. There were no material measurement or recognition adjustments on the adoption of FRS 101. The results outlined below are in accordance with FRS 101.

There have been no significant changes to the Company's trading activities as reported in the income statement during the year. In addition there have been no significant changes to the Company's investments or intercompany balances. Results, as detailed below, depend on interest costs incurred partially offset by interest income.

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

As the Company is part of a larger group, the management of the Company does not involve the use of key performance indicators, other than the profit or loss for the year, in measuring the development, performance or the position of the Company and the principal risks and uncertainties are integrated with the principal risks of National Grid plc. For information on the development, performance, risks, uncertainties and position of National Grid plc and its subsidiaries ('National Grid'), and of the key performance indicators used, refer to the Strategic Report included in National Grid plc's Annual Report and Accounts 2015/16, which does not form part of this report.

#### **Results and dividends**

The Company's loss for the financial year was £2,000 (2015 £5,000).

The Directors do not recommend the payment of a dividend (2015 £nil).

#### **Financial position**

The financial position of the Company is presented in the statement of financial position. Total shareholder's equity at 31 March 2016 was £4,794,338,000 (2015 £4,794,340,000) comprising a fixed asset investment of £4,794,430,000 (2015 £4,794,430,000), current assets of £1,195,000 (2015 £1,185,000) less current liabilities of £1,287,000 (2015 £1,275,000).

#### **Future developments**

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

# **National Grid Jersey Investments Limited**

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

**For the year ended 31 March 2016**

### **Financial risk management**

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

Treasury also seeks to limit third party counterparty risk which arises from the investment of surplus funds and the use of derivative financial instruments. Treasury monitors the exposure that National Grid has with any one counterparty against agreed limits and these limits are monitored regularly and updated for changes in credit ratings.

### **Liquidity risk**

The Company finances its operations through a combination of retained profits, 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.

### **Credit risk**

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

### **Interest rate cash flow risk**

The Company has both interest bearing intercompany assets and interest bearing intercompany liabilities. To the extent that the Company enters into intercompany loan agreements, the Company's exposure to interest rate cash flow risk arises on such loans on which interest is charged based upon sterling LIBOR.

### **Directors**

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

F L Beaney	
D C Bonar	
E D Fraser	(Resigned 30 October 2015)
A K Mead	(Appointed 7 December 2015)
D A Preston	

### **Directors' indemnity**

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

# **National Grid Jersey Investments Limited**

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

**For the year ended 31 March 2016**

### **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 expected to continue to be in a position to obtain finance via intercompany loans to continue to operate for the foreseeable future.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the profit or loss of the Company. In preparing those financial statements the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue the business.

The Directors confirm they have complied with all the above requirements in the preparation of the financial statements.

The Directors are responsible for keeping proper accounting records, which 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 (Jersey) Law 1991. 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.

### **Company Secretary**

At 31 March 2016 the Company Secretary was A Morgan who is assisted by Elian Corporate Services (Jersey) Limited.

**National Grid Jersey Investments Limited**

**Directors' Report (continued)**

**For the year ended 31 March 2016**

**Audit Exemption**

In accordance with Companies (Jersey) Law 1991 the Company is not required to have an audit

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



**A Morgan**  
Company Secretary  
7 September 2016

**Registered office**  
44 Esplanade  
St Helier  
Jersey  
JE4 9WG

**Registered in Jersey**  
**Company registration number 87703**

**Registered in England and Wales**  
**Company registration number FC25510**

# National Grid Jersey Investments Limited

## Income statement

**For the year ended 31 March 2016**

	Notes	2016 £'000	2015 £'000
Interest receivable from a subsidiary undertaking		9	9
Interest payable to ultimate parent company		(12)	(12)
<b>Loss on ordinary activities before tax</b>		<u>(3)</u>	<u>(3)</u>
Tax on loss on ordinary activities	3	1	(2)
<b>Loss for the financial year</b>		<u>(2)</u>	<u>(5)</u>

The results reported above relate to continuing activities

## Statement of comprehensive income

**For the year ended 31 March 2016**

	2016 £'000	2015 £'000
<b>Loss for the financial year</b>	(2)	(5)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	-	-
<b>Total comprehensive loss for the year</b>	<u>(2)</u>	<u>(5)</u>

# National Grid Jersey Investments Limited

## Statement of financial position

As at 31 March 2016

	Notes	2016 £'000	2015 £'000
<b>Fixed asset investment</b>	4	<b>4,794,430</b>	<b>4,794,430</b>
<b>Current assets</b>			
Amounts owed by subsidiary undertaking		1,195	1,185
<b>Creditors amounts falling due within one year</b>	5	<b>(1,287)</b>	<b>(1,275)</b>
<b>Net current liabilities</b>		<b>(92)</b>	<b>(90)</b>
<b>Total assets less current liabilities</b>		<b>4,794,338</b>	<b>4,794,340</b>
<b>Net assets</b>		<b>4,794,338</b>	<b>4,794,340</b>
<b>Equity</b>			
Share capital	6	3,622,063	3,622,063
Share premium account		1,126,357	1,126,357
Profit and loss account		45,918	45,920
<b>Total shareholders' equity</b>		<b>4,794,338</b>	<b>4,794,340</b>

The financial statements on pages 5 to 11 were approved by the Board of Directors on 7 September 2016 and signed on its behalf by



**D C Bonar**  
Director

**National Grid Jersey Investments Limited**  
Jersey company registration number 87703  
England and Wales company registration number FC25510

**National Grid Jersey Investments Limited**

**Statement of changes in equity**

**For the year ended 31 March 2016**

	<b>Share capital £'000</b>	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
At 1 April 2014	3,622,063	1,126,357	45,925	4,794,345
Loss for the year	-	-	(5)	(5)
At 31 March 2015	<u>3,622,063</u>	<u>1,126,357</u>	<u>45,920</u>	<u>4,794,340</u>
Loss for the year	-	-	(2)	(2)
<b>At 31 March 2016</b>	<b><u>3,622,063</u></b>	<b><u>1,126,357</u></b>	<b><u>45,918</u></b>	<b><u>4,794,338</u></b>



# **National Grid Jersey Investments Limited**

## **Notes to the financial statements**

**For the year ended 31 March 2016**

### **1 Summary of significant accounting policies**

National Grid Jersey Investments Limited is a private company and is incorporated and domiciled in Jersey with its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG

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

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

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, but makes amendments where necessary in order to comply with Companies (Jersey) Law 1991 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

There were no material measurement or recognition adjustments on the adoption of FRS 101.

These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards and Companies (Jersey) Law 1991. They have been prepared on an historical cost basis and items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in pounds sterling which is also the Company's functional currency.

The Company is exempt from preparing consolidated financial statements as it is included within the consolidated financial statements of National Grid plc.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements of the Company in accordance with FRS 101:

- a cash flow statement and related notes,
- disclosure in respect of transactions with National Grid plc and its subsidiaries,
- disclosure in respect of capital management,
- the presentation of a third statement of financial position (being the opening statement of financial position of the Company at the date of application of FRS 101), and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of National Grid plc which are available from the registered office, include the equivalent disclosures, the Company has taken the exemptions under FRS 101 in respect of certain disclosures required by IFRS 13 'Fair value measurement' and the disclosures required by IFRS 7 'Financial instruments disclosures'. The Company intends to apply the above exemptions in the financial statements for the year ending 31 March 2017.

**National Grid Jersey Investments Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2016**

**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.

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

**(b) Fixed asset investments**

Investments in subsidiary undertakings are held at cost less any provisions for impairment.

The Company assesses at the end of each reporting period whether 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 period is recognised in the income statement, the statement of comprehensive income or directly in equity according to the accounting treatment of the related transaction. The tax charge comprises 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.

The calculation of the total tax charge involves a degree of estimation and judgement, and management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes positions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(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 income statement.

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

# National Grid Jersey Investments Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 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.

There were no employees of the Company during the year (2015: none)

### 3 Tax on loss on ordinary activities

	2016 £'000	2015 £'000
<b>Current tax:</b>		
UK corporation tax	(1)	(1)
Adjustments in respect of prior years	-	3
	<u>(1)</u>	<u>2</u>

The Company is managed and controlled in the United Kingdom and it is considered resident in the United Kingdom for corporation tax purposes and is liable to United Kingdom corporation tax at a rate of 20% (2015: 21%).

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

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	<u>(3)</u>	<u>(3)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	(1)	(1)
Effect of		
Adjustments in respect of prior years	-	3
<b>Total tax (credit)/charge for the year</b>	<u>(1)</u>	<u>2</u>

#### Factors that may affect future tax charges

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

The Budget in March this year announced a further reduction in the corporate tax rate to 17% from 1 April 2020, from the previously enacted 18%. This was substantively enacted on 6 September 2016. This had not been substantively enacted at the reporting date. As the change to 17% had not been substantively enacted at the reporting date its effects are not included in these financial statements.

# National Grid Jersey Investments Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 4 Fixed asset investment

	Shares in a subsidiary undertaking £'000
<b>Cost and net book value:</b>	
At 1 April 2015 and 31 March 2016	<u>4,794,430</u>

The fixed asset investment at 31 March 2016 represents 100% of the ordinary share capital of National Grid Thirty Five Limited (previously NGT Luxembourg One Limited), an investment holding company registered in England and Wales

The Directors believe that the carrying value of the investment is supported by the fair value of the underlying net assets

### 5 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to immediate parent company	40	40
Amounts owed to ultimate parent company	<u>1,247</u>	<u>1,235</u>
	<u>1,287</u>	<u>1,275</u>

### 6 Share capital

	2016 £'000	2015 £'000
<b>Authorised</b>		
4,000,000,000 ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>
<b>Allotted, called up and fully paid</b>		
3,622,063,707 ordinary shares of £1 each	<u>3,622,063</u>	<u>3,622,063</u>

### 7 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.

### 8 Ultimate parent company

The ultimate parent and controlling company is National Grid plc and the immediate parent company is National Grid Holdings One plc. The largest and smallest group which includes the Company and for which consolidated financial statements are prepared is headed by National Grid plc. Both of these companies are registered in England and Wales.

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