

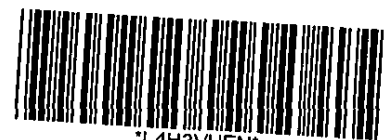
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National Grid Jersey Investments Limited

Directors' Report and Unaudited Financial Statements

For the year ended 31 March 2015

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National Grid Jersey Investments Limited

Directors' Report

For the year ended 31 March 2015

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 March 2015

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

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

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 2014/15, which does not form part of this report.

Future developments

The Directors believe the current level of trading activity as reported in the profit and loss account will continue in the foreseeable future with no anticipated significant balance sheet movements.

Results and dividends

The Company's loss for the financial year was £5,000 (2014 £233,000 profit)

The Directors do not recommend the payment of a dividend (2014 £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 and interest rate risks. These risks are monitored through a National Grid Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for National Grid plc and its subsidiaries.

Treasury also seeks to limit 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.

National Grid Jersey Investments Limited

Directors' Report (continued)

For the year ended 31 March 2015

Financial risk management (continued)

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
D A Preston

Directors' indemnity

National Grid has arranged, in accordance with the Articles of Association, qualifying third party indemnities against financial exposure that Directors may incur in the course of their professional duties. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance for each Director

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

National Grid Jersey Investments Limited

Directors' Report (continued)

For the year ended 31 March 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with UK Accounting Standards and applicable law

Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period, which 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 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 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 2015 the Company Secretary was H M Rayner who is assisted by Elian Corporate Services (Jersey) Limited (formerly Ogier Corporate Services (Jersey) Limited)

Audit Exemption

In accordance with Companies (Jersey) Law 1991 the Company is not required to have an audit however in previous years the Directors' have elected to do so. On 2 October 2014, the Directors agreed to dispense with an annual audit and as a result PricewaterhouseCoopers LLP resigned with immediate effect

Approved by the Board and signed on its behalf by



H M Rayner
Secretary
16 September 2015

Registered office.
44 Esplanade
St Helier
JE4 9WG
Jersey

Registered in Jersey
No. 87703

Registered in England and Wales
Company registration number. FC25510

National Grid Jersey Investments Limited

Profit and loss account

For the years ended 31 March

	Notes	2015 £'000	2014 £'000
Profit on sale of a fixed asset investment	5	-	244
Interest receivable from a subsidiary undertaking		9	1
Interest payable to ultimate parent company		(12)	(11)
(Loss)/profit on ordinary activities before taxation	2	(3)	234
Tax on (loss)/profit on ordinary activities	4	(2)	(1)
(Loss)/profit for the financial year	9	(5)	233

The results reported above relate to continuing activities

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

National Grid Jersey Investments Limited

Balance sheet

As at 31 March

	Notes	2015 £'000	2014 £'000
Fixed asset investment	5	<u>4,794,430</u>	<u>4,794,430</u>
Current assets			
Amounts owed by a subsidiary undertaking		1,185	1,176
Creditors amounts falling due within one year	6	<u>(1,275)</u>	<u>(1,261)</u>
Net current liabilities		<u>(90)</u>	<u>(85)</u>
Total assets less current liabilities		<u>4,794,340</u>	<u>4,794,345</u>
Net assets		<u>4,794,340</u>	<u>4,794,345</u>
Capital and reserves			
Called up share capital	7	3,622,063	3,622,063
Share premium account	8	1,126,357	1,126,357
Profit and loss account	8	45,920	45,925
Total shareholders' funds	9	<u>4,794,340</u>	<u>4,794,345</u>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 16 September 2015 and signed on its behalf by



D C Bonar
Director

National Grid Jersey Investments Limited

Notes to the financial statements

For the year ended 31 March 2015

1 Accounting policies

(a) Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards (FRS) and Companies (Jersey) Law 1991. They have been prepared on an historical cost basis and are presented in pound sterling, which is the currency of the primary economic environment in which the Company operates. The 2014 comparative financial information has also been prepared on this basis.

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

The Company is a wholly owned subsidiary within a group headed by National Grid plc and is included in the consolidated financial statements of that company which are publicly available. Consequently the Company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash Flow Statements' from preparing a cash flow statement.

Further, in accordance with exemptions under FRS 29 'Financial Instruments Disclosures', the Company has not presented the financial instruments disclosures required by the standard, as disclosures that comply with the standard are included in the consolidated financial statements of National Grid plc.

(b) Fixed asset investments

Investments 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) Taxation

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

(d) Financial instruments

Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and is recorded at the proceeds received, net of direct issue costs, with an amount equal to the nominal amount of the shares issued included in the share capital account and the balance recorded in the share premium account.

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

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

National Grid Jersey Investments Limited
Notes to the financial statements (continued)
For the year ended 31 March 2015

2 (Loss)/profit on ordinary activities before taxation

Audit fees of £nil (2014 £4,000) have been borne by the immediate parent company and not recharged

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

There were no employees of the Company during the year (2014 none)

4 Tax on (loss)/profit on ordinary activities

	2015	2014
	£'000	£'000
Current tax		
UK corporation tax	(1)	(2)
Adjustments in respect of prior years	3	3
	<u>2</u>	<u>1</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 21% (2014 23%)

The tax for the year is higher (2014 lower) than the standard rate of corporation tax in the UK of 21% (2014 23%). The differences are explained below

	2015	2014
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	<u>(3)</u>	<u>234</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 23%)	(1)	54
Effect of		
Non-taxable income	-	(56)
Adjustments in respect of prior years	3	3
Total current tax charge for the year	<u>2</u>	<u>1</u>

Factors that may affect future tax charges

A reduction in the corporation tax rate to 19% from April 2017 and a further reduction to 18% from April 2020 was announced in the 2015 Summer Budget. These reductions in tax rates have not been substantively enacted and have therefore not been reflected in these financial statements

National Grid Jersey Investments Limited
Notes to the financial statements (continued)
For the year ended 31 March 2015

5 Fixed asset investment

	Shares in a subsidiary undertaking £'000
Cost and net book value	
At 1 April 2014 and 31 March 2015	<u>4,794,430</u>

The fixed asset investment at 31 March 2015 represents 100% of the ordinary share capital of NGT Luxembourg One Limited, an investment holding company registered in England and Wales

As previously reported, during the prior year the Company sold its investment in NG Luxembourg SA to its subsidiary, NGT Luxembourg One Limited, for a consideration of £1,175,000 resulting in a profit on disposal of £244,000

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

6 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to immediate parent company	40	38
Amounts owed to ultimate parent company	1,235	1,223
	<u>1,275</u>	<u>1,261</u>

7 Called up share capital

	2015 £'000	2014 £'000
Authorised		
4,000,000,000 ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>
Allotted, called up and fully paid		
3,622,063,707 ordinary shares of £1 each	<u>3,622,063</u>	<u>3,622,063</u>

8 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2014	1,126,357	45,925
Loss for the financial year	-	(5)
At 31 March 2015	<u>1,126,357</u>	<u>45,920</u>

National Grid Jersey Investments Limited
Notes to the financial statements (continued)
For the year ended 31 March 2015

9 Reconciliation of movement in total shareholders' funds

	2015 £'000	2014 £'000
(Loss)/profit for the financial year	(5)	233
Net (decrease)/increase in shareholders' funds	(5)	233
Opening shareholders' funds	4,794,345	4,794,112
Closing shareholders' funds	4,794,340	4,794,345

10 Related party transactions and ultimate parent company

The Company is exempt under FRS 8 'Related Party Disclosures' from disclosing transactions with National Grid plc and its subsidiary undertakings where all of the voting rights are held within the group. There were no related party transactions with other companies.

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