

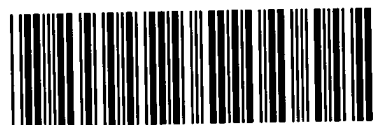
Company Registration Number: 2537092

National Grid International Limited

Annual Report and Financial Statements

For the year ended 31 March 2019

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National Grid International Limited

Strategic Report

For the year ended 31 March 2019

The Directors present their Strategic Report on National Grid International Limited ('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.

Executive summary

There have been no significant changes in the Company's trading activities during the year, as reported in the profit and loss account.

There were no significant changes in intercompany balances or movements in investments.

Results, as detailed below, largely depend on interest payable.

Results

The Company's loss for the financial year was £1,502,000 (2018: £4,294,000 loss).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' equity at 31 March 2019 was £39,221,000 (2018: £40,723,000) comprising fixed asset investments of £245,834,000 (2018: £245,834,000) less net current liabilities of £206,613,000 (2018: £205,111,000).

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, 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:



M Barnes
Company Secretary
31 July 2019

National Grid International Limited

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 1.

Dividends

The Company has paid no interim ordinary dividends during the year (2018: £nil) and 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, 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

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

Foreign exchange risk

To the extent that the Company enters intercompany loan 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 agreements denominated in Chilean Pesos and US dollars.

National Grid International Limited

Directors' Report (continued)

For the year ended 31 March 2019

Directors

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

D C Bonar (Resigned 30 April 2018)
K M Dickie
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, 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 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.

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 International Limited

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:



M Barnes
Company Secretary
31 July 2019

Registered office:
1-3 Strand
London
WC2N 5EH

Registered in England and Wales
Company registration number: 2537092

Independent auditor's report to the members of

National Grid International Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of National Grid International Limited ('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 of National Grid International Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12, 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 International Limited (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. 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 International Limited (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



Jane Whitlock (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, UK

1 August 2019

National Grid International Limited

Profit and loss account

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Operating income/(charges)		4	(6)
Operating profit/(loss)	2	<u>4</u>	<u>(6)</u>
Interest receivable and similar income	4	101	64
Interest payable and similar charges	5	(1,954)	(5,346)
Loss before tax		<u>(1,849)</u>	<u>(5,288)</u>
Tax	6	347	994
Loss for the financial year		<u><u>(1,502)</u></u>	<u><u>(4,294)</u></u>

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 International Limited

Balance sheet

As at 31 March 2019

	Notes	2019 £'000	2018 £'000
Fixed asset investments	7	<u>245,834</u>	<u>245,834</u>
Current assets			
Debtors (amounts falling due within one year)	8	12,952	13,520
Debtors (amounts falling due after more than one year)	8	<u>1</u>	<u>1</u>
Total current assets		<u>12,953</u>	<u>13,521</u>
Creditors (amounts falling due within one year)	9	(219,566)	(218,632)
Net current liabilities		<u>(206,613)</u>	<u>(205,111)</u>
Total assets less current liabilities		<u>39,221</u>	<u>40,723</u>
Net assets		<u>39,221</u>	<u>40,723</u>
Equity			
Share capital	10	100	100
Profit and loss account		<u>39,121</u>	<u>40,623</u>
Total shareholders' equity		<u>39,221</u>	<u>40,723</u>

These financial statements on pages 8 to 17 were approved by the Board of Directors on 31 July 2019 and were signed on its behalf by:



S W Grant
Director

National Grid International Limited
Company registration number: 2537092

National Grid International Limited

Statement of changes in equity

For the year ended 31 March 2019

	Share capital £'000	Profit and loss account £'000	Total shareholders' equity £'000
At 1 April 2017	100	44,917	45,017
Loss for the financial year	-	(4,294)	(4,294)
At 31 March 2018	100	40,623	40,723
Loss for the financial year	-	(1,502)	(1,502)
At 31 March 2019	100	39,121	39,221

National Grid International Limited

Notes to the financial statements

For the year ended 31 March 2019

1 Summary of significant accounting policies

National Grid International Limited is a private 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 International Limited for the year ended 31 March 2019 were approved by the Board of Directors on 31 July 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 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 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.

The Directors are not aware of any material uncertainties related to events or conditions that may cast 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; 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 International Limited

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.

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.

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.

Deferred tax is provided using the balance sheet liability method and is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases.

Deferred tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither the accounting nor the taxable profit or loss.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and jointly controlled entities except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle their current tax assets and liabilities on a net basis.

National Grid International Limited
Notes to the financial statements (continued)
For the year ended 31 March 2019

1 Summary of significant accounting policies (continued)

(c) Fixed asset investments

Investments in subsidiary undertakings 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

Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at closing exchange rates. Gains and losses arising on retranslation of monetary assets and liabilities are included in the profit and loss account.

(e) 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 immediate parent and subsidiary undertakings, and loans to subsidiaries within the National Grid group. For the purposes of impairment assessment loans to immediate parent; subsidiary undertakings; 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.

(f) 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.

National Grid International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

2 Operating profit/(loss)

	2019 £'000	2018 £'000
Operating profit/(loss) is stated after (crediting)/charging:		
Foreign exchange (gains)/losses	<u>(4)</u>	<u>7</u>

Audit fees of £6,000 (2018: £6,000) have been 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 3 Directors (2018: 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 (2018: none).

4 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from immediate parent company	96	64
Exchange gains on revaluation of foreign currency denominated intercompany loans	<u>5</u>	<u>-</u>
	<u>101</u>	<u>64</u>

5 Interest payable and similar charges

	2019 £'000	2018 £'000
Interest payable to a subsidiary undertaking	68	44
Interest payable to a fellow subsidiary undertaking	550	7
Interest payable to immediate parent company	1,317	5,265
Exchange losses on revaluation of foreign currency denominated intercompany loans	<u>19</u>	<u>30</u>
	<u>1,954</u>	<u>5,346</u>

National Grid International Limited
Notes to the financial statements (continued)
For the year ended 31 March 2019

6 Tax

	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax	(347)	(989)
Adjustments in respect of prior years	-	(5)
	<u>(347)</u>	<u>(994)</u>

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	2018
	£'000	£'000
Loss before tax	<u>(1,849)</u>	<u>(5,288)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(351)	(1,005)
Effect of:		
Taxation on transfer pricing adjustments	4	16
Adjustments in respect of prior years	-	(5)
Total tax credit in the profit and loss account	<u>(347)</u>	<u>(994)</u>

Deferred tax assets in respect of capital losses of £412 million (2018: £472 million) have not been recognised as their future recovery is uncertain or not currently anticipated. The capital losses are available to carry forward indefinitely and capital losses can be offset against specific types of future capital gains.

Factors that may affect future tax charges

The main rate of UK corporation tax is reduced to 17% with effect from 1 April 2020. Deferred tax balances have been calculated at this rate.

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.

National Grid International Limited

Notes to the financial statements (continued)

For the year ended 31 March 2019

7 Fixed asset investments

Shares in
subsidiary
undertakings
£'000

Cost and net book value

At 1 April 2018 and 31 March 2019

245,834

The Company holds an investment in the shares of National Grid Holdings B.V. which has intercompany receivables and other net monetary assets primarily denominated in Euros. To calculate the net realisable value these assets are retranslated at each year end at the closing exchange rate. If this value is less than the carrying value, the difference is charged to the profit and loss account. The Directors have completed this review as at 31 March 2019 and the net realisable value is greater than the carrying value hence no impairment is required.

The Company's wholly owned subsidiary undertakings as at 31 March 2019 were as follows:

Name of subsidiary	% Holding	Principal activity
National Grid Holdings B.V. ¹	100	Investment holding company
National Grid Thirty Six Limited ²	100	Dormant

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

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

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

The Company also controls indirectly through its subsidiary undertaking National Grid Fourteen Limited which has a registered office at 1-3 Strand, London WC2N 5EH, UK.

8 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	641	660
Amounts owed by fellow subsidiary undertakings	3,423	4,068
Amounts owed by immediate parent company	8,888	8,792
	<u>12,952</u>	<u>13,520</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.

	2019 £'000	2018 £'000
Amounts falling due after more than one year		
Deferred tax		
Accelerated capital allowances	<u>1</u>	<u>1</u>

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

National Grid International Limited
Notes to the financial statements (continued)
For the year ended 31 March 2019

9 Creditors (amounts falling due within one year)

	2019 £'000	2018 £'000
Amounts owed to subsidiary undertakings	6,571	6,502
Amounts owed to fellow subsidiary undertakings	56,998	57,450
Amounts owed to immediate parent company	155,989	154,672
Other creditors	8	8
	<u>219,566</u>	<u>218,632</u>

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.

10 Share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
1,000,000 (2018: 1,000,000) ordinary shares of £0.10 each	<u>100</u>	<u>100</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.

11 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.

12 Ultimate parent company

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