

Company Registration Number: 3675375

**National Grid Gas Holdings Limited**

**Annual Report and Financial Statements**

**For the year ended 31 March 2019**



# National Grid Gas Holdings Limited

## Strategic Report

For the year ended 31 March 2019

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

### Review of the business

The Company holds an investment in National Grid Gas plc 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 the Company's investment or intercompany balances.

Results, as detailed below, largely depend on interest income received.

### Results

The Company's profit for the financial year was £13 million (2018: £9 million profit).

### Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' equity at 31 March 2019 was £4,031 million (2018: £4,018 million), comprising a fixed asset investment of £7,118 million (2018: £7,118 million) and net current assets of £339 million (2018: £326 million) less long term liabilities of £3,426 million (2018: £3,426 million).

### 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 believe the Company will receive income from its fixed asset investment, and the current level of trading activity as reported in the profit and loss account will continue in the foreseeable future with no significant balance sheet movements.

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



**L Hagan**  
Company Secretary  
27 September 2019

# National Grid Gas Holdings 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

During the year the Company has not paid any interim dividends (2018: £nil million). Subsequent to the year end, on 25 July 2019 the Company paid an interim dividend to its parent company, Lattice Group Limited of £1,047 million.

#### 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 ('National Grid').

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

#### Liquidity risk

The Company finances its operations through a combination of retained profits and intercompany loans to ensure that the Company has sufficient long-term and short-term funds available for current operations and future activities.

#### Credit risk

The Company aims to reduce the risk of loss arising from default by parties to financial transactions. The Company holds an approved list of counterparties of good credit quality and these counterparties and their credit ratings are routinely monitored. No exposure is considered to exist in respect of intercompany loans as the subsidiaries are solvent and are covered by the National Grid group's liquidity arrangements.

#### Interest rate cash flow risk

The Company has both interest bearing intercompany financial assets and liabilities which exposes it to interest rate cash flow risk. 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 currently charged based upon sterling LIBOR.

# National Grid Gas Holdings 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:

A J Agg	(Resigned 13 April 2018)
A P Foster	
A M Lewis	(Appointed 13 April 2018)
L N Shaw	

### 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 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.

### Going concern

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.

In making this assessment the Directors have taken into consideration that the amounts owed to a subsidiary undertaking of £3,426 million classified as falling due after more than one year is non-contractual and is not due to be paid until after 31 March 2020. The Directors are also Directors of the subsidiary undertaking and are therefore comfortable that there is no intention of National Grid Gas plc demanding repayment of the loan within twelve months of the balance sheet date.

### Modern Slavery Act 2015

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

### Disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors in office at the date of the approval of this report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. This confirmation is given in accordance with the provisions of section 418 of the Companies Act 2006.

### Events after the reporting period

Subsequent to the year end, on 25 July 2019 the Company received dividends of £1,047 million from its subsidiary, National Grid Gas plc. The cash consideration received was used to settle a dividend declared to its parent company, Lattice Group Limited of £1,047 million on the same date.

# National Grid Gas Holdings Limited

## Directors' Report (continued)

For the year ended 31 March 2019

### Auditors

At the 2018 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.

### 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 FRS101 "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 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:



**L Hagan**  
Company Secretary  
27 September 2019

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

**Registered in England and Wales**  
**Company registration number: 3675375**

# Independent auditor's report to the members of

## National Grid Gas Holdings Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of National Grid Gas Holdings 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 profit 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 comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 11, 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

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

### **National Grid Gas Holdings Limited (continued)**

#### **Other information (continued)**

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.

#### **Responsibilities of Directors**

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

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

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

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

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

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

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

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

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

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

**Independent auditor's report to the members of  
National Grid Gas Holdings Limited (continued)**

**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.

**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  
27 September 2019



# National Grid Gas Holdings Limited

## Profit and loss account

For the year ended 31 March 2019

	Notes	2019 £m	2018 £m
Interest receivable a from fellow subsidiary undertaking		2	1
<b>Profit before tax</b>	2	<u>2</u>	<u>1</u>
Tax	4	11	8
<b>Profit for the financial year</b>		<u>13</u>	<u>9</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 Gas Holdings Limited

## Balance sheet

As at 31 March 2019

	Notes	2019 £m	2018 £m
<b>Fixed asset investment</b>	5	<u>7,118</u>	<u>7,118</u>
<b>Current assets</b>			
Debtors (amounts falling due within one year)	6	<u>360</u>	<u>347</u>
		360	347
<b>Creditors (amounts falling due within one year)</b>			
Amounts owed to a fellow subsidiary undertaking		(21)	(21)
<b>Net current assets</b>		<u>339</u>	<u>326</u>
<b>Total assets less current liabilities</b>		<u>7,457</u>	<u>7,444</u>
Creditors (amounts falling due after more than one year)			
Amounts owed to subsidiary undertaking		(3,426)	(3,426)
<b>Net assets</b>		<u>4,031</u>	<u>4,018</u>
<b>Equity</b>			
Share capital	7	147	147
Profit and loss account		3,884	3,871
<b>Total shareholder's equity</b>		<u>4,031</u>	<u>4,018</u>

These financial statements on pages 8 to 17 were approved by the Board of Directors on 27 September 2019 and were signed on its behalf by:



**A P Foster**  
Director

**National Grid Gas Holdings Limited**  
Company registration number: 3675375

**National Grid Gas Holdings Limited**

**Statement of changes in equity**

**For the year ended 31 March 2019**

	Notes	Share capital £m	Profit and loss account £m	Total shareholders' Equity £m
At 1 April 2017		147	3,862	4,009
Profit for the financial year		-	9	9
At 31 March 2018		147	3,871	4,018
Profit for the financial year		-	13	13
<b>At 31 March 2019</b>		<b>147</b>	<b>3,884</b>	<b>4,031</b>

# National Grid Gas Holdings Limited

## Notes to the financial statements

For the year ended 31 March 2019

### 1 Summary of significant accounting policies

National Grid Gas Holdings 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 Gas Holdings Limited for the year ended 31 March 2019 were approved by the Board of Directors on 27 September 2019. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements have been prepared on a 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. 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.

In making this assessment the Directors have taken into consideration that the amounts owed to a subsidiary undertaking of £3,426 million classified as falling due after more than one year is non-contractual and is not due to be paid until after 31 March 2020. The Directors are also Directors of the subsidiary undertaking and are therefore comfortable that there is no intention of National Grid Gas plc demanding repayment of the loan within twelve months of the balance sheet date.

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.

# National Grid Gas Holdings 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)

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.

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.

Information about such judgements and estimations is contained in the notes to the financial statements, and the key areas are summarised below:

The critical area of judgement that has the most significant effect on the amounts recognised in the financial statements is as follows:

- The fixed asset investment impairment assessment calculation included the multiple that is applied to the NGG plc regulatory asset values, together with the valuation of businesses falling outside of the regulatory business, see note 5.

The 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 and joint venture 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 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.

The calculation of the total tax credit 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 provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

# National Grid Gas Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2019

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

#### (d) Financial instruments

The Company adopted IFRS 9 with effect from 1 April 2018. The comparatives are not required to be restated and are accounted for in accordance with IAS 39. Under IFRS 9 the Company has reported the following financial assets and liabilities, and the classification for each is dependent upon its contractual cash flows and for financial assets the business model it is held under. All financial instruments are initially recognised on trade date.

Financial assets that have contractual cash flows that are solely payments of principal and interest, and which are held within a business model whose objective is to collect contractual cash flows, are held at amortised cost. These instruments include loans to subsidiary undertakings, joint ventures and associates, and other loans to subsidiaries within the National Grid group. For the purposes of impairment assessment loans to subsidiary and fellow subsidiary undertakings are individually assessed based on comparable external credit ratings and 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 and other receivables 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 and receivables are derecognised or impaired, are recognised in the profit and loss account.

#### (e) Equity instruments

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

#### (f) Dividends

Dividend income is recognised when the right to receive payment is established. Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 2 Profit before tax

Audit fees of £13,358 (2018: £13,000) are borne by a fellow subsidiary undertaking and then recharged to the Company.

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

## National Grid Gas Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 March 2019

#### 3 Directors and employees

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other National Grid subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements. During the year there were 2 Directors (2018: 2) 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 Tax

##### Tax credited to the profit and loss account

	2019 £m	2018 £m
<b>Current tax:</b>		
UK corporation tax	<u>(11)</u>	<u>(8)</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 £m	2018 £m
Profit before tax	<u>2</u>	<u>1</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	-	-
Effect of:		
Taxation on transfer pricing adjustments	<u>(11)</u>	<u>(8)</u>
<b>Total tax credit in the profit and loss account</b>	<u><u>(11)</u></u>	<u><u>(8)</u></u>

##### Factors that may affect future tax charges

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

The Directors will continue to monitor the developments driven by Brexit, the OECD's Base Erosion and Profit Shifting (BEPS) project and European Commission initiatives including fiscal aid investigations. At this time the Directors do not expect this to cause any material impact on future tax charges.

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

**5 Fixed asset investment**

	<b>Shares in Subsidiary Undertaking £m</b>
<b>Cost and net book value:</b>	
At 1 April 2018 and 31 March 2019	<b>7,118</b>

The fixed asset investment at 31 March 2019 represents 100% of the ordinary share capital of National Grid Gas plc, a company registered in England and Wales, whose principal activity is gas transportation.

The Directors are satisfied that the realisable value of the subsidiary exceeds the carrying value of the investment in National Grid Gas plc and therefore no impairment has been recorded. In performing this assessment, the realisable value has been calculated by calculating the enterprise value of the entity. The key judgement applied in this calculation include the multiple that is applied to the regulatory asset values as at 31 March 2019, and the valuation of the businesses outside of the regulatory business.

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

<b>Name of subsidiary</b>	<b>Incorporated in</b>	<b>Registered office</b>
British Transco Capital Inc.	United States of America	251 Little Falls Drive, Wilmington, DE 19808 New Castle County, USA
British Transco Finance Inc.	United States of America	251 Little Falls Drive, Wilmington, DE 19808 New Castle County, USA
British Transco International Finance B.V.	The Netherlands	Westblaak 89, 3012 KG Rotterdam, PO Box 21153, 3001 AD, Rotterdam, Netherlands
National Grid Metering Limited	England and Wales	1-3 Strand, London, WC2N 5EH, UK
<b>Name of joint venture</b>	<b>Incorporated in</b>	
Joint Radio Company Limited (50%)	England and Wales	Friars House, Manor Drive, Coventry, CV1 2TE, UK



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

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

	2019 £m	2018 £m
Amounts owed by fellow subsidiary undertakings	360	347
	<u>360</u>	<u>347</u>

Amounts owned 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.

**7 Share capital**

	2019 £m	2018 £m
<b>Allotted, called up and fully paid</b>		
147,000,002 (2018: 147,000,002) ordinary shares of £1 each	<u>147</u>	<u>147</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.

**8 Contingent liabilities**

The Company has guaranteed the repayment of principal sums, and any associated premium and interest on specific loans owed by its subsidiary National Grid Gas plc to third parties. At 31 March 2019, the sterling equivalent amounted to £347 million (2018: £347 million).

**9 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.

As disclosed in note 5 to the financial statements the Company indirectly holds an investment in a joint venture, Joint Radio Company Limited. The Company has not made or received any recharges of costs during the current or previous year.

**10 Ultimate parent company**

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

**National Grid Gas Holdings Limited**  
**Notes to the financial statements (continued)**

**For the year ended 31 March 2019**

**11 Events after the reporting period**

Subsequent to the year end, on 25 July 2019 the Company received dividends of £1,047 million from its subsidiary, National Grid Gas plc. The cash consideration received was used to settle a dividend declared to its parent company, Lattice Group Limited of £1,047 million on the same date.