

2392867

Port Greenwich Limited

Directors' Report

and Financial Statements

For the year ended 31 March 2012



Port Greenwich Limited

Directors' Report

For the year ended 31 March 2012

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2012

Principal activities

The Company's principal activities are the acquisition, development, management and disposal of land and property

Business review

During the year the Company did not acquire any further properties. The existing development in Granton, Edinburgh is still ongoing. The Company can continue to receive overage payments from English Partnerships for the sale of the Millennium Exhibition site in February 1997 on satisfaction of certain prescribed conditions.

Results for the year, as detailed below, largely depend on rental income less administrative charges, a charge for environmental decontamination costs and a stock provision.

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 Operating and Financial Review included in National Grid plc's Annual Report and Accounts 2011/12, 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, though the level of any future charge for environmental decontamination is not expected to be as high, with no anticipated significant balance sheet movements and no further provision required against the stock value being required.

Results and dividends

The Company's loss for the financial year was £5,548,000 (2011 £450,000).

The Directors do not recommend payment of a dividend (2011 £nil).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 March 2012 were £6,126,000 (2011 £11,674,000) comprising net current assets of £8,651,000 (2011 £12,556,000) less provisions for liabilities and charges of £2,525,000 (2011 £882,000).

Port Greenwich Limited

Directors' Report (continued)

For the year ended 31 March 2012

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 and credit 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 counter-party 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 counter party 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 inter company balances to ensure that the Company has sufficient long-term and short-term funds available for current operations and future activities.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Directors

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

N K Dark
C M Shoesmith

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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). 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 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, and
- 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.

Port Greenwich Limited

Directors' Report (continued)

For the year ended 31 March 2012

Directors' indemnities and insurance

National Grid plc indemnifies officers of subsidiary companies against liabilities arising from the conduct of National Grid's business, to the extent permitted by law, by the placing of Directors' and Officers' insurance. The insurance indemnifies individual Directors' and Officers' personal legal liability and cost for claims arising out of actions taken in connection with the business of National Grid plc and its subsidiaries.

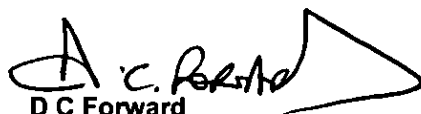
Going concern

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.

Disclosure of information to auditors

Having made the requisite enquiries, so far as the Directors in office at the date of the signing 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.

Approved by the Board and signed on its behalf by



D C Forward
Secretary
3 August 2012

Registered office.
1-3 Strand
London
WC2N 5EH

Registered in England and Wales
Company registration number: 2392867

Independent auditors' report to the members of Port Greenwich Limited

We have audited the financial statements of Port Greenwich Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities set out in the Directors' Report the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Simon Evans (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
3 August 2012

Port Greenwich Limited
Profit and loss account
For the years ended 31 March

	Notes	2012 £'000	2011 £'000
Turnover		254	48
Administrative expenses		(623)	(781)
Exceptional items	4	(7,186)	-
Operating loss	2	<u>(7,555)</u>	<u>(733)</u>
Tax on loss on ordinary activities	5	2,007	283
Loss for the financial year transferred from reserves	11	<u>(5,548)</u>	<u>(450)</u>

The results reported above relate to continuing activities

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

Port Greenwich Limited

Balance sheet

As at 31 March

	Notes	2012 £'000	2011 £'000
Current assets			
Stocks	6	7,942	12,325
Debtors amounts falling due within one year	7	3,396	2,994
		<u>11,338</u>	<u>15,319</u>
Creditors: amounts falling due within one year	8	(2,687)	(2,763)
Net current assets		<u>8,651</u>	<u>12,556</u>
Provisions for liabilities and charges	9	(2,525)	(882)
Net assets		<u>6,126</u>	<u>11,674</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	6,126	11,674
Total shareholders' funds	12	<u>6,126</u>	<u>11,674</u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on 3 August 2012 and signed on its behalf by



N K Dark
Director

Port Greenwich Limited

Notes to the financial statements

For the year ended 31 March 2012

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 the Companies Act 2006. These financial statements have been prepared using the historical cost convention and in accordance with the consistently applied accounting policies set out below. There have been no changes to accounting policies during the year.

These financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

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.

The preparation of financial statements requires 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

(b) Taxation

Current tax for the current and prior periods 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.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(c) Stocks and work in progress

Stocks and work in progress comprises land and property held for development and subsequent sale. It is valued at the lower of cost and net realisable value. Cost comprises land costs, construction costs and other development expenses. Net realisable value has been assessed on the basis of the amount recoverable from property in its present condition.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2012

1 Accounting policies (continued)

(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.

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.

(e) Environmental costs

Environmental costs, based on discounted future estimated expenditures expected to be incurred, are provided for in full. The unwinding of the discount is included within the profit and loss account as a financing charge.

Liabilities for environmental remediation resulting from past operations or events are recognised to the extent to which required under UK decontamination requirements and to the extent to which the amount can reasonably be estimated. Measurement of liabilities is based on current legal requirements and existing technology. The carrying amount of liabilities is regularly reviewed and adjusted for new facts or changes in law or technology. No provision is made for non-statutory decontamination costs.

(f) Turnover

Turnover consists primarily of proceeds from the sale of property and from rent and associated property income from tenants, derived from property situated in the United Kingdom and is stated net of value added tax.

2 Operating loss

	2012 £'000	2011 £'000
Operating loss is stated after charging:		
Audit fees	-	7

Audit fees of £6,824 for the year have been borne by the immediate parent company 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.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2012

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 two Directors (2011: two) who exercised share options in the ordinary shares of the ultimate parent company, National Grid plc.

There were no employees of the Company during the year (2011: none).

4 Exceptional items

The exceptional items represent charges in relation to the environmental provision (see note 9) of £2,386,000 (2011: £nil) and the stocks and work in progress provision (see note 6) of £4,800,000 (2011: £nil).

5 Tax on loss on ordinary activities

	2012 £'000	2011 £'000
Current tax:		
UK corporation tax	(1,397)	(205)
Adjustments in respect of prior periods	(2)	(10)
Total current tax	<u>(1,399)</u>	<u>(215)</u>
Deferred tax:		
Origination and reversal of timing differences on exceptional items	(585)	(68)
Impact of change in tax rate	(23)	-
Total deferred tax	<u>(608)</u>	<u>(68)</u>
Tax credit on loss on ordinary activities	<u>(2,007)</u>	<u>(283)</u>

The tax credit for the year is lower (2011: higher) than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below.

	2012 £'000	2011 £'000
Loss on ordinary activities before taxation	<u>(7,555)</u>	<u>(733)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011: 28%)	(1,964)	(205)
Effect of:		
Land remediation uplift	(17)	-
Movement in other short term timing differences	584	-
Adjustments in respect of prior periods	(2)	(10)
Total current tax credit for the year	<u>(1,399)</u>	<u>(215)</u>

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2012

5 Tax on loss on ordinary activities (continued)

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate to 24% from 1 April 2012 was announced in the 2012 UK Budget Report and has been enacted in Finance Act 2012. This had been substantively enacted at the balance sheet date and, as such, deferred tax balances have been calculated at this rate.

Other changes such as the proposed reduction in the UK corporation tax rate to 23% from April 2013, with a further 1% reduction in the following year will result in a UK corporation tax rate of 22% from April 2014. Although the reduction in the UK corporation tax rate to 23% from April 2013 has now been enacted, none of these rate changes had been substantively enacted as at the balance sheet date and have therefore not been reflected in these financial statements.

6 Stocks and work in progress

	2012 £'000	2011 £'000
At 1 April 2011	12,325	11,797
Additions	417	528
	<u>12,742</u>	<u>12,325</u>
Provision	(4,800)	-
At 31 March 2012	<u>7,942</u>	<u>12,325</u>

A provision was made on 31 March 2012 in order to reduce the value of land and property to its net realisable value.

7 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year:		
Trade debtors	62	18
Amounts owed by fellow subsidiary undertakings*	3,260	2,727
Amounts owed by immediate parent company*	-	33
Value added tax recoverable	39	74
Other debtors	4	51
Prepayments and accrued income	31	91
	<u>3,396</u>	<u>2,994</u>

* Amounts owed by immediate parent company has been separately presented in the current year, comparatives have been adjusted accordingly.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2012

8 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdraft	3	60
Trade creditors	159	376
Amounts owed to fellow subsidiary undertakings	2,030	1,956
Accruals and deferred income	495	371
	<u>2,687</u>	<u>2,763</u>

9 Provisions for liabilities and charges

	Environmental £'000	Deferred taxation £'000	Total £'000
At 1 April 2011	-	882	882
Charged/(credited) to the profit and loss account	2,386	(608)	1,778
Utilised	(135)	-	(135)
At 31 March 2012	<u>2,251</u>	<u>274</u>	<u>2,525</u>

Environmental provision

The expected decontamination costs have been discounted at a real rate of 2.0% to arrive at these provisions. The undiscounted provisions are £2,364,000 (2011: £nil). This provision is determined by periodic assessments including intrusive investigations undertaken by environmental specialists employed by the Company and are based on current environmental legislative requirements.

The quantification of the provision is inherently uncertain in that neither expected amounts for decontamination costs nor the timing of expenditure can be predicted with complete accuracy. In particular, the costs actually incurred will depend upon discovering the exact level of contamination during clean up operations, the specific clean up techniques that might be used and the proportion of the decontamination costs for which the Company is liable. In addition, the actual costs eventually incurred may be affected by any new environmental legislative requirements in place, or the technology that may be available, at the time of clean up.

The impact of the changes in these uncertainties in the current year have been charged to exceptional items though future charges are expected to be charged to operating costs unless they are in relation to changes in regulation.

Deferred tax

	2012 £'000	2011 £'000
Other short term timing differences	<u>274</u>	<u>882</u>
	2012 £'000	2011 £'000
Deferred tax liability at 1 April	882	950
Credited to profit and loss account	(608)	(68)
Deferred tax liability at 31 March	<u>274</u>	<u>882</u>

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2012

10 Called up share capital

	2012 £	2011 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Reserves

	Profit and loss account £'000
At 1 April 2011	11,674
Loss for the financial year	(5,548)
At 31 March 2012	<u>6,126</u>

12 Reconciliation of movement in total shareholders' funds

	2012 £'000	2011 £'000
Loss for the financial year	(5,548)	(450)
Net decrease in shareholders' funds	(5,548)	(450)
Opening shareholders' funds	11,674	12,124
Closing shareholders' funds	<u>6,126</u>	<u>11,674</u>

13 Related party transactions and ultimate parent company

The Company is exempt under the terms of 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 companies where not all of the voting rights are held within the National Grid plc group of companies.

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