

Company Registration Number: 2392867

Port Greenwich Limited

Annual Report and Financial Statements

For the year ended 31 March 2016

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Port Greenwich Limited

Strategic Report

For the year ended 31 March 2016

The Directors present their Strategic Report on the Company for the year ended 31 March 2016.

Review of the business

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

Executive summary

This is the first time that the Company has prepared financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101). 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. There were no material measurement or recognition adjustments on the adoption of FRS101.

The existing management of land in Granton, Edinburgh with an intention to dispose of at a later date 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, as detailed below, largely depend on rental income offset by administrative charges and the unwinding of the discount on provisions.

Results

The Company's loss for the financial year was £863,000 (2015: £292,000).

Financial position

The financial position of the Company is presented in the statement of financial position. Total shareholders' equity at 31 March 2016 was £3,396,000 (2015: £4,259,000) comprising net current assets of £8,451,000 (2015: £8,512,000) less provisions for liabilities of £5,055,000 (2015: £4,253,000).

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 2015/16, which does not form part of this report.

Future developments

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

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



A Morgan
Company Secretary
22 September 2016

Port Greenwich Limited

Directors' Report

For the year ended 31 March 2016

The Directors present their Report and the audited financial statements of the Company for the year ended 31 March 2016.

Future developments

Details of future developments have been included within the Strategic Report on page 1.

Dividends

The Directors do not recommend the payment of a dividend (2015: £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 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 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 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. No material exposure is considered to exist in respect of intercompany loans.

Directors

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

M Ajaz	
R Alden	(Appointed 18 February 2016)
M C Cooper	
E D Fraser	(Resigned 30 October 2015)
R J Munday	(Appointed 18 February 2016)

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.

Port Greenwich Limited

Directors' Report (continued)

For the year ended 31 March 2016

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 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.

Port Greenwich Limited

Directors' Report (continued)

For the year ended 31 March 2016

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue 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 and signed on its behalf by:



A Morgan
Company Secretary
22 September 2016

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

Report on the financial statements

Our opinion

In our opinion, Port Greenwich Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), comprise:

- the statement of financial position as at 31 March 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards comprising FRS 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of

Port Greenwich Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ('ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 September 2016

Port Greenwich Limited

Income Statement

For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Turnover	2	167	192
Administrative expenses		(1,021)	(411)
Operating loss	3	<u>(854)</u>	<u>(219)</u>
Amounts written off from impairment of stocks		(86)	-
Unwinding of discount on provisions	9	(173)	(168)
Loss on ordinary activities before taxation		<u>(1,113)</u>	<u>(387)</u>
Tax on loss on ordinary activities	5	250	95
Loss for the financial year		<u><u>(863)</u></u>	<u><u>(292)</u></u>

The results reported above relate to continuing activities.

Statement of comprehensive income

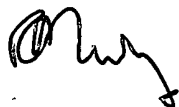
For the year ended 31 March 2016

	2016 £'000	2015 £'000
Loss for the financial year	(863)	(292)
Other comprehensive income/(loss) for the year, net of tax	-	-
Total comprehensive loss for the year	<u><u>(863)</u></u>	<u><u>(292)</u></u>

Port Greenwich Limited
Statement of financial position
As at 31 March 2016

	Notes	2016 £'000	2015 £'000
Current assets			
Stocks	6	7,918	8,004
Debtors: amounts falling due within one year	7	5,009	4,711
Cash at bank and in hand		95	180
		<u>13,022</u>	<u>12,895</u>
Creditors: amounts falling due within one year	8	(4,571)	(4,383)
Net current assets		<u>8,451</u>	<u>8,512</u>
Total assets less current liabilities		8,451	8,512
Provisions for liabilities	9	(5,055)	(4,253)
Net assets		<u>3,396</u>	<u>4,259</u>
Equity			
Share capital	10	-	-
Profit and loss account		3,396	4,259
Total shareholders' equity		<u>3,396</u>	<u>4,259</u>

The financial statements on pages 7 to 17 were approved by the Board of Directors and authorised for issue on 22 September 2016 and signed on its behalf by:



R J Munday
Director

Port Greenwich Limited
Company registration number: 2392867

Port Greenwich Limited
Statement of changes in equity
For the year ended 31 March 2016

	Share Capital £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2014	-	4,551	4,551
Loss for the financial year	-	(292)	(292)
At 31 March 2015	-	4,259	4,259
Loss for the financial year	-	(863)	(863)
At 31 March 2016	-	3,396	3,396

Port Greenwich Limited

Notes to the financial statements

For the year ended 31 March 2016

1 Summary of significant accounting policies

Port Greenwich Limited is a private company and is incorporated and domiciled in England with its registered office at 1-3 Strand, London, WC2N 5EH.

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

(a) Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101). 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 FRS101 disclosure exemptions has been taken.

These financial statements for the year ended 31 March 2016 are the first prepared in accordance with FRS101. Accordingly the date of transition is 1 April 2014. The 2015 comparative financial information has also been prepared on this basis.

There were no material measurement or recognition adjustments on the adoption of FRS101.

These financial statements have been prepared on the going concern basis in accordance with applicable UK accounting and financial reporting standards and the Companies Act 2006. They have been prepared on an historical cost basis and items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in pounds sterling which is also the Company's functional currency.

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).

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

- a cash flow statement and related notes;
- disclosure in respect of transactions with National Grid plc and its subsidiaries;
- disclosure in respect of capital management;
- the presentation of a third statement of financial position (being the opening statement of financial position of the Company at the date of application of FRS101); and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of National Grid plc which are available from the registered office, include the equivalent disclosures, the Company has taken the exemptions under FRS101 in respect of certain disclosures required by IFRS 13 'Fair value measurement' and the disclosures required by IFRS 7 'Financial instruments disclosures'. The Company intends to apply the above exemptions in the financial statements for the year ending 31 March 2017.

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.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

(b) Tax

The tax charge for the period is recognised in the income statement, the statement of comprehensive income or directly in equity according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted by the reporting date.

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

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 used in the computation of taxable profit.

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, to the extent that 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 assets combination) that affects neither the accounting nor the taxable profit or loss, deferred tax assets and liabilities are not recognised.

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 is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also reflected in other comprehensive income.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

1 Summary of significant accounting policies (continued)

(b) Tax (continued)

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 authorities and the Company intends to settle their current tax assets and liabilities on a net basis.

(c) Stocks

Stocks comprise 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.

(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 income statement.

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

(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 income statement as an interest expense.

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) Demolition costs

Demolition costs relating to the demolition of gas holders, based on discounted future estimated expenditures expected to be incurred, are provided for in full. The unwinding of the discount is included within the income statement as an interest expense.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

1 Summary of significant accounting policies (continued)

(g) Turnover

Turnover consists of rent and associated property income from tenants, derived from property situated in the United Kingdom and is stated net of value added tax. Rental income is recognised on a monthly basis.

2 Turnover

	2016 £'000	2015 £'000
Rental income	71	25
Service charge income	76	166
Other income	20	1
	<u>167</u>	<u>192</u>

Geographical analysis of turnover is not provided as the Company's operations are all undertaken in the UK for customers based in the UK.

3 Operating loss

	2016 £'000	2015 £'000
Operating loss is stated after charging:		
Services provided by the Company's auditor		
Audit fees	<u>12</u>	<u>7</u>

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

4 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 (2015: 3) 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 (2015: none).

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

5 Tax on loss on ordinary activities

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax	(242)	(94)
Adjustments in respect of prior years	-	9
Total current tax	<u>(242)</u>	<u>(85)</u>
Deferred tax:		
Origination and reversal of timing differences	2	3
Impact of change in tax rate	(10)	-
Adjustments in respect of prior years	-	(13)
Total deferred tax	<u>(8)</u>	<u>(10)</u>
Tax credit on loss on ordinary activities	<u>(250)</u>	<u>(95)</u>

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

	2016 £'000	2015 £'000
Loss on ordinary activities before taxation	<u>(1,113)</u>	<u>(387)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	(223)	(81)
Effect of:		
Taxation on transfer pricing adjustments	(17)	(10)
Changes in tax rates	(10)	-
Adjustments in respect of prior years	-	(4)
Total tax credit for the year	<u>(250)</u>	<u>(95)</u>

Factors that may affect future tax charges

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

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

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

6 Stocks

	2016 £'000	2015 £'000
Cost	12,804	12,804
Provision for obsolescence	(4,886)	(4,800)
Net present value	7,918	8,004

7 Debtors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade debtors	75	105
Amounts owed by fellow subsidiary undertakings	4,907	4,597
Other tax and social security	22	8
Other debtors	-	1
Prepayments & accrued income	5	-
	5,009	4,711

8 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	18	28
Amounts owed to a fellow subsidiary undertaking	4,293	4,147
Other creditors	7	-
Accruals and deferred income	253	208
	4,571	4,383

9 Provisions for liabilities

	Environmental £'000	Demolition £'000	Deferred taxation £'000	Total £'000
At 1 April 2015	2,433	1,722	98	4,253
Released to the income statement	-	-	(8)	(8)
Charged to the income statement	765	-	-	765
Utilised	(128)	-	-	(128)
Unwinding of discount	121	52	-	173
At 31 March 2016	3,191	1,774	90	5,055

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

9 Provisions for liabilities (continued)

Environmental provision

The environmental provision represents the net present value of the estimated statutory decontamination costs of old gas manufacturing sites. The Company does not provide for non-statutory decontamination costs.

The expected decontamination costs have been discounted at a real rate of 2% (2015: 2%) to arrive at these provisions. The anticipated timing of the cash flows for statutory contamination cannot be predicted with certainty, but they are expected to be incurred over the next 8 years.

There are a number of uncertainties that affect the calculation of the provision for gas site decontamination, including the impact of regulation, the accuracy of the site surveys, unexpected contaminants, transportation costs, the impact of alternative technologies and changes in the discount rate. We have made our best estimate of the financial effect of these uncertainties in the calculation of the provision; but future material changes in any of the assumptions could materially impact on the calculation of the provision and hence the income statement.

The impact of the changes in these uncertainties in the current year have been released to operating costs rather than exceptional items as they are not in relation to changes in regulation.

The undiscounted amount of the provision at 31 March 2016 relating to gas site decontamination was £3,411,113 (2015: £2,658,094) being the best undiscounted estimate of the liability having regard to the uncertainties referred to above.

Demolition provision

The demolition provision represents the costs relating to the demolition of a gas holder at the Granton site expected to be incurred until 2018. The undiscounted amount of the provision at 31 March 2016 was £1,774,000 (2015: £1,800,000) being the best undiscounted estimate of the liability.

Deferred tax

	2016 £'000	2015 £'000
Accelerated capital allowances	(8)	(10)
Other short-term timing differences	98	108
Deferred tax liability	<u>90</u>	<u>98</u>
	2016 £'000	2015 £'000
Deferred tax liability at 1 April	98	108
Credited to income statement	(8)	(10)
Deferred tax liability at 31 March	<u>90</u>	<u>98</u>

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

10 Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Contingent liabilities

(a) Environmental claims

The environmental provision (see note 9) has been set up to deal with the costs of statutory decontamination of the National Grid group's UK old gas-manufacturing sites. Other claims have arisen from time to time, but none of these have been significant. It is not possible to determine the level of such future claims. However, based upon experience, the directors do not consider a provision necessary.

(b) Litigation

Through the ordinary course of operations, the Company is party to various litigation, claims and investigations. The Directors do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on the Company's results of operations, cash flows or financial position.

12 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.

13 Ultimate parent company

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.