

Company Registration Number: 2392867

Port Greenwich Limited

Annual Report and Financial Statements

For the year ended 31 March 2017

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Port Greenwich Limited
Strategic Report
For the year ended 31 March 2017

The Directors present their Strategic Report on the Company for the year ended 31 March 2017.

Review of the business

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

Executive summary

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.

During the year the Company acquired one site from a fellow National Grid subsidiary, National Grid Gas Plc for a consideration of £6,724,000. The site acquired had associated environmental provisions of £751,000 (2016: £nil).

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 £10,000 (2016: £863,000).

Financial position

The financial position of the Company is presented in the Statement of Financial Position. Total shareholders' equity at 31 March 2017 was £3,386,000 (2016: £3,396,000) comprising net current assets of £9,635,000 (2016: £8,451,000) less creditors falling more than one year of £1,253,000 (2016: nil) less provisions for liabilities of £4,996,000 (2016: £5,055,000).

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 2016/17, 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 Statement of Financial Position movements.

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



R Yousuf
Company Secretary
28 September 2017

Port Greenwich Limited

Directors' Report

For the year ended 31 March 2017

The Directors present their Report and the audited financial statements of the Company for the year ended 31 March 2017.

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 (2016: £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 ('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 exposure is considered to exist in respect of intercompany loans as fully recoverable from within the National Grid group.

Directors

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

M Ajaz	(Resigned 17 November 2016)
R Alden	
M C Cooper	(Resigned 31 March 2017)
P D Edwards	(Appointed 1 May 2017)
P K Gabbi	(Appointed 20 October 2016)
R J Munday	(Resigned 9 November 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 2017

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.

Auditors

At the 2017 Annual General meeting of National Grid plc, the Company's ultimate parent company, Deloitte LLP were appointed as external auditor to the group. Accordingly, PricewaterhouseCoopers LLP will not be seeking re-appointment as auditor of the Company at the conclusion of their current term of office. There were no circumstances connected with the resignation of PricewaterhouseCoopers LLP as external auditor which should be brought to the attention of members or creditors of the Company.

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

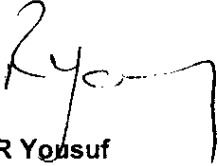
The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Port Greenwich Limited

Directors' Report (continued)

For the year ended 31 March 2017

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



R Yousuf
Company Secretary
28 September 2017

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 2017 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 2017;
- the Income Statement 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, 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 addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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 3, 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. With respect to the Strategic Report and Directors' Report, we consider whether these reports include the disclosures required by applicable legal requirements.



Richard Kay (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 September 2017

Port Greenwich Limited

Income Statement

For the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	203	167
Administrative expenses		106	(1,021)
Operating profit/(loss)	3	<u>309</u>	<u>(854)</u>
Amounts written off from impairment of stocks		-	(86)
Unwinding of discount on provisions	10	(252)	(173)
Profit/(loss) before tax		<u>57</u>	<u>(1,113)</u>
Tax	5	(67)	250
Loss for the financial year		<u>(10)</u>	<u>(863)</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 Income Statement and therefore no separate Statement of Comprehensive Income has been presented.

Port Greenwich Limited
Statement of Financial Position
As at 31 March 2017

	Notes	2017 £'000	2016 £'000
Current assets			
Stocks	6	14,642	7,918
Debtors (amounts falling due within one year)	7	5,451	5,009
Cash at bank and in hand		138	95
		<u>20,231</u>	<u>13,022</u>
Creditors (amounts falling due within one year)	8	(10,596)	(4,571)
Net current assets		<u>9,635</u>	<u>8,451</u>
Total assets less current liabilities		9,635	8,451
Creditors (amounts falling due after more than one year)	9	(1,253)	-
Provisions for liabilities	10	(4,996)	(5,055)
Net assets		<u>3,386</u>	<u>3,396</u>
Equity			
Share capital	11	-	-
Profit and loss account		3,386	3,396
Total shareholders' equity		<u>3,386</u>	<u>3,396</u>

The financial statements on pages 7 to 17 were approved by the Board of Directors and authorised for issue on 28 September 2017 and signed on its behalf by:



P Gabbi
Director

Port Greenwich Limited
Company registration number: 2392867

Port Greenwich Limited
Statement of Changes in Equity
For the year ended 31 March 2017

	Share Capital £'000	Profit and loss account £'000	Total shareholders' equity £'000
At 1 April 2015	-	4,259	4,259
Loss for the financial year	-	(863)	(863)
At 31 March 2016	-	3,396	3,396
Loss for the financial year	-	(10)	(10)
At 31 March 2017	-	3,386	3,386

Port Greenwich Limited

Notes to the financial statements

For the year ended 31 March 2017

1 Summary of significant accounting policies

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

(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 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 are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates. The 2016 comparative financial information has also been prepared on this basis.

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; 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 2018.

The preparation of financial statements may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

There are no significant estimates or critical areas of judgement that are considered to have a significant effect on the amounts recognised in the financial statements

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

1 Summary of significant accounting policies (continued)

(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 provisions 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.

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.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

1 Summary of significant accounting policies (continued)

(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.

(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.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

2 Turnover

	2017 £'000	2016 £'000
Rental income	50	71
Service charge income	153	76
Other income	-	20
	<u>203</u>	<u>167</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 profit

	2017 £'000	2016 £'000
Operating profit is stated after charging:		
Services provided by the Company's auditor		
Audit fees	<u>8</u>	<u>12</u>

Operating profit includes a credit from an environmental provision release of £628,000 (2016: nil)

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 4 Directors (2016: 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 (2016: none).

5 Tax

Tax charged/(credited) to the Income Statement

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax	(33)	(242)
Adjustments in respect of prior years	(11)	-
Total current tax	<u>(44)</u>	<u>(242)</u>
Deferred tax:		
Origination and reversal of timing differences	137	2
Impact of change in tax rate	(26)	(10)
Total deferred tax	<u>111</u>	<u>(8)</u>
Tax charge/(credit) on profit/(loss)	<u>67</u>	<u>(250)</u>

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

5 Tax (continued)

Tax charged/(credited) to the Income Statement

The tax charge/(credit) for the year is higher than the standard rate of corporation tax in the UK of 20% (2016: higher). The differences are explained below:

	2017 £'000	2016 £'000
Profit/(loss) before tax	57	(1,113)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	11	(223)
Effect of:		
Other	136	-
Taxation on transfer pricing adjustments	(43)	(17)
Impact of change in UK tax rate	(26)	(10)
Adjustments in respect of prior years	(11)	-
Total tax charge/(credit) for the year	67	(250)

Factors that may affect future tax charges

The Finance Act 2016 which was enacted on 15 September 2016 reduced the main rate of UK corporation tax to 17% with effect from 1 April 2020. Deferred tax balances have been calculated at this rate.

Continuing focus on tax reform during 2016/17, specifically the Organisation for Economic Co-Operation and Development's Base Erosion and Profit Shifting ('BEPS') project to address mismatches in international rules resulted in draft legislation on areas such as interest deductibility being issued during the year. The Directors will continue to monitor developments and assess the potential impact for the Company of these and any further initiatives.

Whilst the UK remains part of the EU, the evolution of the application of EU tax competition regulations continues to create uncertainty over tax legislation and at this stage it is not possible to quantify any potential impact on the financial statements.

6 Stocks

	2017 £'000	2016 £'000
Cost	19,442	12,804
Provision for obsolescence	(4,800)	(4,886)
Net realisable value	14,642	7,918

Port Greenwich Limited
Notes to the financial statements (continued)
For the year ended 31 March 2017

7 Debtors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade debtors	84	75
Amounts owed by fellow subsidiary undertakings	5,320	4,907
Other tax and social security	47	22
Prepayments and accrued income	-	5
	<u>5,451</u>	<u>5,009</u>

8 Creditors (amounts falling due within one year)

	2017 £'000	2016 £'000
Trade creditors	259	18
Amounts owed to a fellow subsidiary undertaking	9,211	4,293
Other creditors	79	7
Accruals and deferred income	1,047	253
	<u>10,596</u>	<u>4,571</u>

9 Creditors (amounts falling due after more than one year)

	2017 £'000	2016 £'000
Deferred income	<u>1,253</u>	<u>-</u>

An amount of £932,000 (2016: £nil) was included in accruals and deferred income, representing the obligation to demolish gas holders on the transferred sites funded by National Grid Gas plc. As at 31 March 2017 the total obligation amounted to £2,185,000 (2016: £nil).

10 Provisions for liabilities

	Environmental £'000	Demolition £'000	Deferred taxation £'000	Total £'000
At 1 April 2016	3,191	1,774	90	5,055
Released to the Income Statement	(628)	-	111	(517)
Transfers from a group company	751	-	-	751
Utilised	(545)	-	-	(545)
Unwinding of discount	252	-	-	252
At 31 March 2017	<u>3,021</u>	<u>1,774</u>	<u>201</u>	<u>4,996</u>

Environmental provision

The Company acquired one site from fellow National Grid subsidiary, National Grid Gas Plc with associated environmental provisions of £751,000 (2016: £nil).

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

10 Provisions for liabilities (continued)

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 1% (2016: 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 5 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 or interest costs rather than exceptional items as they are not in relation to changes in regulation.

The undiscounted amount of the provision at 31 March 2017 relating to gas site decontamination was £3,161,028 (2016: £3,411,113) 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 2019. The undiscounted amount of the provision at 31 March 2017 was £1,774,000 (2016: £1,774,000) being the best undiscounted estimate of the liability.

Deferred tax

	2017 £'000	2016 £'000
Accelerated capital allowances	(6)	(8)
Other short-term timing differences	207	98
Deferred tax liability	<u>201</u>	<u>90</u>
	2017 £'000	2016 £'000
Deferred tax liability at 1 April	90	98
Credited to Income Statement	111	(8)
Deferred tax liability at 31 March	<u>201</u>	<u>90</u>

Port Greenwich Limited
Notes to the financial statements (continued)
For the year ended 31 March 2017

11 Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 Contingent liabilities

(a) Environmental claims

The environmental provision (see note 10) 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.

13 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.

14 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.