

Port Greenwich Limited

Annual Report and Financial Statements

For the year ended 31 March 2014

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Port Greenwich Limited

Strategic Report

For the year ended 31 March 2014

The Directors present their Strategic Report on the Company for the year ended 31 March 2014.

Review of the business

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

Executive summary

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.

During the year the Directors have reviewed the Granton development and considered it appropriate to charge a provision for gas holder demolition costs of £1,709,000 to the profit and loss account.

Results for the year, as detailed below, largely depend on rental income offset by administrative charges and a demolition provision.

Results

The Company's loss for the financial year was £2,076,000 (2013: £501,000 profit).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' funds at 31 March 2014 were £4,551,000 (2013: £6,627,000) comprising net current assets of £8,653,000 (2013: £9,045,000) less provisions for liabilities of £4,102,000 (2013: £2,418,000).

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 2013/14, 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 with no anticipated significant balance sheet movements.

Approved by the Board and signed on its behalf by:



H M Rayner
Secretary
7 August 2014

Port Greenwich Limited

Directors' Report

For the year ended 31 March 2014

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2014.

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 (2013: £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 balances.

Directors

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

M Ajaz
M C Cooper
E D Fraser (Appointed 3 September 2013)

Directors' indemnity

National Grid has arranged, in accordance with the Companies Act 2006 and the Articles of Association, qualifying third party indemnities against financial exposure that Directors may incur in the course of their professional duties. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance for each Director.

Port Greenwich Limited

Directors' Report (continued)

For the year ended 31 March 2014

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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic and 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 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:



H M Rayner
Secretary
7 August 2014

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 the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Port Greenwich Limited, comprise:

- the Balance sheet as at 31 March 2014;
- the Profit and loss account 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 their preparation is applicable law and United Kingdom Accounting Standards (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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (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.

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.

Independent auditors' report to the members of

Port Greenwich Limited (continued)

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.

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 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.



Stephen Snook (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
7 August 2014

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

	Notes	2014 £'000	2013 £'000
Turnover	2	103	183
Administrative expenses		(1,030)	(326)
Exceptional item	4	(1,709)	-
Operating loss	3	<u>(2,636)</u>	<u>(143)</u>
Interest receivable and similar income		-	3
Unwinding of discount on environmental provision		(115)	(113)
Loss on ordinary activities before taxation		<u>(2,751)</u>	<u>(253)</u>
Tax on loss on ordinary activities	6	675	754
(Loss)/profit for the financial year	12	<u>(2,076)</u>	<u>501</u>

The results reported above relate to continuing activities.

The Company has no recognised gains and losses other than the (loss)/profit 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	2014 £'000	2013 £'000
Current assets			
Stocks	7	8,004	7,986
Debtors: amounts falling due within one year	8	4,738	3,999
Cash at bank and in hand		53	57
		<u>12,795</u>	<u>12,042</u>
Creditors: amounts falling due within one year	9	(4,142)	(2,997)
Net current assets		<u>8,653</u>	<u>9,045</u>
Provisions for liabilities	10	(4,102)	(2,418)
Net assets		<u>4,551</u>	<u>6,627</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	4,551	6,627
Total shareholders' funds	13	<u>4,551</u>	<u>6,627</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 7 August 2014 and signed on its behalf by:



E D Fraser
Director

Port Greenwich Limited
Notes to the financial statements
For the year ended 31 March 2014

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. 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 2013 comparative financial information has also been prepared on this basis.

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 accounting 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 years 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 years 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

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.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

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) 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 profit and loss account as a financing charge.

(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.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

2 Turnover

	2014 £'000	2013 £'000
Rental income	12	19
Service charge income	90	138
Other income	1	26
	<u>103</u>	<u>183</u>

3 Operating loss

	2014 £'000	2013 £'000
Operating loss is stated after charging:		
Services provided by the Company's auditor		
Audit fees	<u>7</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 Exceptional item

The exceptional item represents a charge in relation to a gas holder demolition provision (see note 10) of £1,709,000 (2013: £nil).

5 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 was 1 Director (2013: 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 (2013: none).

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

6 Tax on loss on ordinary activities

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax	(634)	(33)
Adjustments in respect of prior years	(33)	(563)
Total current tax	<u>(667)</u>	<u>(596)</u>
Deferred tax:		
Impact of change in tax rate	(16)	(5)
Adjustments in respect of prior years	8	(153)
Total deferred tax	<u>(8)</u>	<u>(158)</u>
Tax credit on loss on ordinary activities	<u>(675)</u>	<u>(754)</u>

The tax for the year is higher than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation	<u>(2,751)</u>	<u>(253)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	(633)	(61)
Effect of:		
Expenses not deductible for tax purposes	-	28
Taxation on transfer pricing adjustments	(1)	-
Adjustments in respect of prior years	(33)	(563)
Total current tax credit for the year	<u>(667)</u>	<u>(596)</u>

Factors affecting current and future tax charges

The Finance Act 2013 (the Act) was substantively enacted on 2 July 2013. The Act further reduced the main rate of UK corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015.

The reduction in the UK corporation tax rate to 20% from April 2015 has been enacted and deferred tax balances have been calculated at this rate.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

7 Stocks

	2014 £'000	2013 £'000
At 1 April 2013	12,786	12,742
Additions	18	44
	<u>12,804</u>	<u>12,786</u>
Provision	(4,800)	(4,800)
At 31 March 2014	<u>8,004</u>	<u>7,986</u>

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

8 Debtors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade debtors	169	106
Amounts owed by fellow subsidiary undertakings	4,495	3,867
Other tax and social security	73	-
Other debtors	1	1
Prepayments and accrued income	-	25
	<u>4,738</u>	<u>3,999</u>

9 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	126	51
Amounts owed to fellow subsidiary undertakings	3,824	2,870
Other tax and social security	-	11
Accruals and deferred income	192	65
	<u>4,142</u>	<u>2,997</u>

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

10 Provisions for liabilities

	Environmental	Demolition	Deferred taxation	Total
	£'000	£'000	£'000	£'000
At 1 April 2013	2,302	-	116	2,418
Charged to the profit and loss account	-	1,709	-	1,709
Utilised	(2)	(39)	-	(41)
Released to the profit and loss account	(91)	-	(8)	(99)
Unwinding of discount	115	-	-	115
At 31 March 2014	2,324	1,670	108	4,102

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% (2013: 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 profit and loss account.

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 2014 relating to gas site decontamination was £2,559,000 (2013: £2,406,000) 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 over the next 2 years.

Deferred tax

	2014 £'000	2013 £'000
Other short-term timing differences	108	116
	2014 £'000	2013 £'000
Deferred tax liability at 1 April	116	274
Credited to profit and loss account	(8)	(158)
Deferred tax liability at 31 March	108	116

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

11 Called up share capital

	2014 £	2013 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 Reserves

	Profit and loss account £'000
At 1 April 2013	6,627
Loss for the financial year	(2,076)
At 31 March 2014	<u>4,551</u>

13 Reconciliation of movement in total shareholders' funds

	2014 £'000	2013 £'000
(Loss)/profit for the financial year	(2,076)	501
Net (decrease)/increase in shareholders' funds	(2,076)	501
Opening shareholders' funds	<u>6,627</u>	<u>6,126</u>
Closing shareholders' funds	<u>4,551</u>	<u>6,627</u>

14 Other commitments

(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, however 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 our results of operations, cash flows or financial position.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

15 Related party transactions and ultimate parent company

The Company is exempt under 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 other 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. Both of these companies are 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.