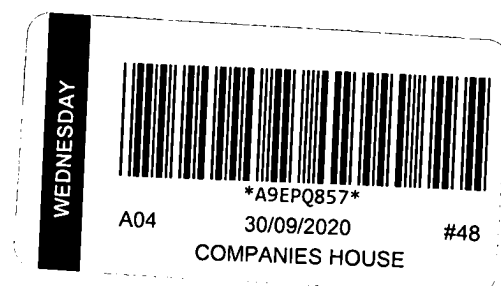


Company Registration Number: 2392867

Port Greenwich Limited

Annual Report and Financial Statements

For the year ended 31 March 2020



Port Greenwich Limited
Strategic Report
For the year ended 31 March 2020

The Directors present their Strategic Report on Port Greenwich Limited ('the Company') for the year ended 31 March 2020.

Review of the business

The Company's principal activity during the year was the acquisition, development, management and disposal of land and property.

Executive summary

There have been no significant changes in the Company's trading activities during the year, as reported in the profit and loss account.

The COVID 19 pandemic is expected to impact cash flows in relation to rental incomes receivable for a number of months from April 2020; this impact is expected to be short lived and recoverable. There may be a further impact due to contractor concern around site engineers and operational staff accessing sites.

Results, as detailed below, largely depend on tax credit received following on from the sale of a site in previous years offset by the unwinding of the discount on provisions.

Results

The Company's profit for the year was £285,000 (2019: £1,503,000).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' equity at 31 March 2020 was £10,458,000 (2019: £10,174,000) comprising net current assets of £11,613,000 (2019: £11,331,000) less creditors falling due after more than one year of £887,000 (2019: £887,000) less provisions for liabilities of £268,000 (2019: £270,000).

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 2019/20, which does not form part of this report. Further details of Company financial risk management have been included in the Directors' Report.

Future developments

The Directors do not foresee a change in activities of the Company.

Section 172 (1) statement

The Board believes that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, as a whole, having regard to the stakeholders and matters set out in section 172(a)-(f) of the Companies Act 2006 in the decisions taken during the year ended 31 March 2020. It follows the National Grid Group's ('the Group's') business standards and compliance with local corporate governance requirements, and is committed to acting if our business should fail to act in the manner we expect of them. For the Group's section 172 statement please see the National Grid plc Annual Report and Accounts.

Port Greenwich Limited

Strategic Report (continued)

For the year ended 31 March 2020

Section 172 (1) statement (continued)

The Board is responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that our obligations to our shareholder and to our stakeholders are met. For each matter, which comes before the Board, stakeholders who may be affected are identified and their interests are carefully considered as part of the Board's decision-making.

The Board is also mindful of the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

Our culture and decision making

Our culture is shaped by our clearly defined values to help ensure we achieve our vision. It determines how we behave, how we make decisions and our attitude towards risk aligned with the Group's purpose, vision and values. Decisions affecting a subsidiary are required to be taken in line with the National Grid Statement of Delegations of Leadership, Responsibility and Financial Authority. In making such decisions the Directors have regard to a variety of matters including the interests of various stakeholders, the consequences of their decisions in the long term and the long-term reputation of the Company and its businesses.

Employee engagement

The Company has no employees. All UK employees engaged in the activities of the Company are employed by subsidiary undertakings of National Grid plc. The employees are kept informed about what is happening across the Group through the Group's intranet and through email, newsletters, and leadership blogs and briefings.

Disclosures relating to employees may be found in the Annual Report and Accounts of these companies. You can read more about the Group's engagement with employees on page 73 of the National Grid plc Annual Report and Accounts (available at: www.nationalgrid.com/investors).

Fostering business relationships with our customers and suppliers

The Company is a property company and thus has suppliers and customers. The Directors recognise that fostering business relationships with key stakeholders, such as customers and suppliers, is essential to the success of the Group and are satisfied that the Group has close relationships with its customers, suppliers to meet our strategic priorities.

The community and the environment

The Directors recognise that the Group delivers sustainable energy safely, reliably and affordably for the communities we serve. Giving back to the communities in which we operate, and to charities that have meaning to our business, is vitally important to the Group and its employees, allowing them to make a positive difference and have an impact where it counts.

The Directors recognise the critical role the Group plays in tackling climate change in the markets that we operate. Ambitious carbon reduction targets and further legislative actions are anticipated in all our markets which will be challenging and as a Group we embrace the opportunity to support the delivery of these goals. The Group continues to focus on and advance its work in relation to its environmental sustainability strategy.

You can read more about the Group's responsible business on pages 48 to 56 in the National Grid plc Annual Report and Accounts.

Shareholders

The Board considers the long-term impact of corporate actions and decisions on our shareholders. Our ultimate shareholder is National Grid plc and there is ongoing communication and engagement with the National Grid Board. Any matters requiring escalation are escalated by the Board through the Chairman to its ultimate parent.

Port Greenwich Limited
Strategic Report (continued)
For the year ended 31 March 2020


Section 172 (1) statement (continued)

Maintaining a reputation for high standards of business conduct

The Group's Code of Ethical Business Conduct sets out the standards and behaviours expected from all employees to meet the Group's values.

Detailed information on the Group-wide business conduct processes and policies are described in the National Grid plc Annual Report and Accounts on pages 55 and 56 (available at: www.nationalgrid.com/investors).

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

DocuSigned by:

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R Yousuf
Company Secretary
28 September 2020

Port Greenwich Limited

Directors' Report

For the year ended 31 March 2020

The Directors present their Report and the audited financial statements of the Company for the year ended 31 March 2020.

Future developments

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

Dividends

During the year, the Company has paid no interim ordinary dividends (2019: £nil). The Directors do not recommend the payment of a final dividend (2019: £nil).

Financial risk management

The management of the Company and the execution of the Company's strategy are subject to several financial risks. The Directors have identified the need to manage the Company's material financial risks, including liquidity, credit and interest rate cash flow. These risks are monitored through a National Grid Treasury ('Treasury') management function which invests surplus funds, mitigates foreign exchange and interest rate exposure and manages borrowings for National Grid plc and its subsidiaries.

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 aims to reduce the risk of loss arising from default by parties to financial transactions. To this end the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The Company holds an approved list of counterparties of good credit quality and these counterparties and their credit ratings are routinely monitored. No exposure is considered to exist in respect of intercompany loans as the subsidiaries are solvent and are covered by the National Grid group's liquidity arrangements.

Interest rate cash flow risk

The Company has both intercompany financial assets and liabilities which exposes it to interest rate cash flow risk. To the extent that the Company enters intercompany loan agreements, the Company's exposure to interest rate cash flow risk arises on such loans on which interest is currently charged based upon sterling LIBOR.

The UK's Financial Conduct Authority announced that LIBOR will cease to exist by the end of 2021, and will be replaced by alternative reference rates ('ARRs'). National Grid's interest rate risk arises from long-term borrowings, which currently uses LIBOR as the benchmark. The migration to ARR's will impact contracts at National Grid including financial liabilities that pay LIBOR-based cash flows, derivatives that receive or pay LIBOR-based cash flows, and other contracts such as leases or procurement contracts that reference LIBOR. The change in benchmark also affects discount rates which can impact valuations. National Grid are managing the risk by identifying affected contracts and planning to replace LIBOR cash flows with alternative reference rates on those contracts.

Port Greenwich Limited
Directors' Report (continued)
For the year ended 31 March 2020

Directors

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

R Alden
P D Edwards
P K Gabbi
B Gaunt (Appointed 17 July 2020)

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 during their professional duties. Equivalent qualifying third-party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board in prior financial years for matters arising when they were Directors of the Company. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance cover for each Director.

Going concern

The impact of COVID-19 on the National Grid group's operations is continually being assessed and subject to rapid change. These risks and uncertainties are included within the Strategic Report and described in note 1 to the consolidated financial statements in National Grid plc's Annual Report and Accounts 2019/20 and have been taken into consideration in assessing the ability of the Group to continue as a going concern. Based on this analysis the Directors of National Grid plc concluded that the Group has adequate resources to continue in operation and adopted the going concern basis of accounting in preparing the Group financial statements.

These financial statements have been prepared on a going concern basis, which presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. The Directors have considered the impact of COVID-19 on the Group and on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Events after the reporting period

In the period since year end to the date of signing of these financial statements there have continued to be substantial economic and social changes in the UK as a result of the ongoing pandemic of coronavirus disease (COVID-19). These changes and risks are being actively managed by the Directors of the Company. The pandemic is expected to impact cash flows but the Directors believe the impact will be short lived and recoverable.

Disclosure of information to auditors

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

Auditors

At the 2020 Annual General meeting of National Grid plc, the Company's ultimate parent company, Deloitte LLP were reappointed as external auditor to the group. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed to the Company and Deloitte LLP will, therefore, continue in office.

Port Greenwich Limited

Directors' Report (continued)

For the year ended 31 March 2020

Statement of Directors' responsibilities


The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

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

DocuSigned by:

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R Yousuf

Company Secretary

28 September 2020

Registered office:

1-3 Strand

London

WC2N 5EH

Registered in England and Wales

Company registration number: 2392867

Independent auditor's report to the members of Port Greenwich Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Port Greenwich Limited ('the Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Port Greenwich Limited (continued)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

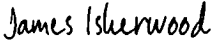
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of
Port Greenwich Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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James Isherwood (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
28 September 2020

Port Greenwich Limited**Profit and loss account****For the year ended 31 March 2020**

	Note	2020 £'000	2019 £'000
Turnover	2	69	—
Administrative expenses		78	(48)
Operating profit/(loss)	3	147	(48)
Interest receivable from parent company		38	51
Unwinding of discount on provisions	10	(11)	(27)
Profit/(loss) before tax		174	(24)
Tax	5	111	1,527
Profit for the year		285	1,503

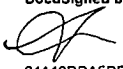
The results for both years reported above relate to continuing activities.

There have been no other comprehensive gains/losses during either the current or prior year other than as disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

Port Greenwich Limited**Balance sheet****As at 31 March 2020**

	Note	2020 £'000	2019 £'000
Current assets			
Stocks	6	6,724	6,724
Debtors (amounts falling due within one year)	7	5,077	5,282
Debtors (amounts falling due after more than one year)	7	3	4
Cash at bank and in hand		21	12
Total current assets		11,825	12,022
Creditors (amounts falling due within one year)	8	(212)	(691)
Net current assets		11,613	11,331
Total assets less current liabilities		11,613	11,331
Creditors (amounts falling due after more than one year)	9	(887)	(887)
Provisions for liabilities	10	(268)	(270)
Net assets		10,458	10,174
Equity			
Share capital	11	—	—
Profit and loss account		10,458	10,174
Total shareholders' equity		10,458	10,174

The financial statements set out on pages 10 to 20 were approved by the Board of Directors on 28 September 2020 and were signed on its behalf by:

DocuSigned by:

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P K Gabbi
 Director

Port Greenwich Limited
 Company registration number: 2392867

Port Greenwich Limited**Statement of changes in equity****For the year ended 31 March 2020**

	Share capital £'000	Profit and loss account £'000	Total shareholders' equity £'000
At 1 April 2018	—	8,671	8,671
Profit for the year	—	1,503	1,503
At 31 March 2019	—	10,174	10,174
Profit for the year	—	284	284
At 31 March 2020	—	10,458	10,458

Port Greenwich Limited
Notes to the financial statements
For the year ended 31 March 2020

1 Summary of significant accounting policies

Port Greenwich Limited is a private company, limited by shares. The nature of the Company's principal activities is set out in the Strategic Report on page 1. The Company is incorporated and registered in England, with its registered office at 1-3 Strand, London, WC2N 5EH.

(a) Basis of preparation

These financial statements of Port Greenwich Limited for the year ended 31 March 2020 were approved by the Board of Directors on 28 September 2020. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements have been prepared on 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 2019 comparative financial information has also been prepared on this basis.

These financial statements have been prepared on a going concern basis, which presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. The Directors have considered the impact of COVID-19 on the Group and on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

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).

As a qualifying entity, the Company has taken the following exemptions in the preparation of these financial statements in accordance with FRS 101:

- a cash flow statement and related notes;
- disclosures in respect of transactions with National Grid plc and its wholly owned subsidiaries;
- disclosures in respect of capital management; and
- the effects of new but not yet effective IFRS standards.

As the consolidated financial statements of National Grid plc which are available from the registered office, include the equivalent disclosures, the Company has taken the exemptions under FRS 101 in respect of certain disclosures required by IFRS 13 'Fair value measurement' and the disclosures required by IFRS 7 'Financial instruments disclosures'.

The Company adopted IFRS 16 'Leases' with effect from 1 April 2019. The adoption of IFRS 16 has had no impact on the Company.

The UK's Financial Conduct Authority announced that LIBOR will cease to exist by the end of 2021, and will be replaced by alternative reference rates. In September 2019, the IASB amended IFRS 9 and IFRS 7 by issuing Interest Rate Benchmark Reform, which provides exceptions to specific hedge accounting requirements to ensure that hedging relationships are not considered to be modified as a result of uncertainties during the migration from LIBOR to alternative reference rate. The Company early-adopted these changes to IFRS 7 and IFRS 9 with effect from 1 April 2019 and the adoption has had no impact on the Company.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The preparation of financial statements may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimations is contained in the notes to the financial statements

There are no areas of judgement or key sources of estimation uncertainty that are considered to have a significant effect on the amounts recognised in these financial statements

These financial statements have been prepared in accordance with the Company's accounting policies approved by the Board of Directors and described below:

(b) Tax

The tax credit for the period is recognised in the profit and loss account, the statement of comprehensive income or directly in equity according to the accounting treatment of the related transaction. The tax credit comprises 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.

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

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.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

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 authority 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

Under IFRS 9 the Company has reported the following financial assets and liabilities, and the classification for each is dependent upon its contractual cash flows and for financial assets the business model it is held under. All financial instruments are initially recognised on trade date.

Financial assets that have contractual cash flows that are solely payments of principal and interest, and which are held within a business model whose objective is to collect contractual cash flows, are held at amortised cost. These instruments include loans to subsidiary undertakings, joint ventures and associates, and other loans to subsidiaries within the National Grid group. For impairment assessment purposes loans to fellow subsidiary undertakings are individually assessed based on comparable external credit ratings and a review of solvency and liquidity arrangements and as such the expected credit loss for the year is £nil.

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

(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 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.

The unwinding of the discount is included within the profit and loss account as an interest expense.

(f) Turnover

Turnover consists of proceeds from sale of properties, 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 2020

2 Turnover

	2020 £'000	2019 £'000
An analysis of turnover by category:		
Rental income	6	—
Property sale income	63	—
	<u>69</u>	<u>—</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/(loss)

	2020 £'000	2019 £'000
Operating profit/(loss) is stated after charging:		
Services provided by the Company's auditor		
Audit fees	<u>9</u>	<u>10</u>

Operating profit/(loss) includes a charge to an environmental provision of £15,000 (2019: £842,000 release)

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 (2019: 1) 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 (2019: none).

5 Tax

Tax credited to the profit and loss account

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	31	(5)
Adjustments in respect of prior years	(143)	(1,523)
Total current tax	<u>(112)</u>	<u>(1,528)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>1</u>	<u>1</u>
Tax credited in the profit and loss account	<u>(111)</u>	<u>(1,527)</u>

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

5 Tax (continued)

The tax credit for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit/(loss) before tax	<u>174</u>	<u>(24)</u>
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	33	(5)
Effect of:		
Taxation on transfer pricing adjustments	(1)	1
Adjustments in respect of prior years	<u>(143)</u>	<u>(1,523)</u>
Total tax credited in the profit and loss account	<u>(111)</u>	<u>(1,527)</u>

Factors that may affect future tax charges

On 17 March 2020, the UK government utilised the Provisional Collection of Taxes Act 1968 to substantively enact a reversal of the reduction in the main UK corporation tax rate to 17% with effect from 1 April 2020. The main UK corporation tax rate therefore remains at 19%. Deferred tax balances have been calculated at this rate.

The Directors will continue to monitor the developments driven by Brexit, the OECD's Base Erosion and Profit Shifting (BEPS) project and European Commission initiatives including fiscal aid investigations. At this time the Directors do not expect this to cause any material impact on future tax charges. Governments across the world including the UK have introduced various stimulus/reliefs for businesses to cope with the impact of COVID 19 pandemic. The Directors will monitor as the details become available for any that may materially impact our future tax charges.

6 Stocks

	2020 £'000	2019 £'000
Cost	<u>6,724</u>	<u>6,724</u>

7 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	18	4
Amounts owed by fellow subsidiary undertakings	5,042	5,202
VAT recoverable	<u>17</u>	<u>76</u>
	<u>5,077</u>	<u>5,282</u>
Amounts falling due after more than one year:		
Deferred tax	<u>3</u>	<u>4</u>

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

7 Debtors (continued)

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Where intercompany loans are interest-bearing interest is charged at rates determined by Treasury. For impairment assessment purposes, such loans to group undertakings are considered low risk as the subsidiaries are solvent and are covered by the National Grid group's liquidity arrangements and as such the expected credit loss for the year is £nil.

Deferred tax

	2020 £'000	2019 £'000
Accelerated capital allowances	<u>3</u>	<u>4</u>
	2020 £'000	2019 £'000
Deferred tax asset at 1 April	4	5
Charged to the profit and loss account	<u>(1)</u>	<u>(1)</u>
Deferred tax asset at 31 March	<u>3</u>	<u>4</u>

There are no other significant unrecognised deferred tax assets or liabilities (2019: £0).

8 Creditors (amounts falling due within one year)

	2020 £'000	2019 £'000
Trade creditors	82	148
Amounts owed to fellow subsidiary undertakings	8	—
Other creditors	56	30
Accruals and deferred income	<u>66</u>	<u>513</u>
	<u>212</u>	<u>691</u>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

An amount of £61,000 (2019: £250,000) representing the obligation to demolish gas holders was included in accruals and deferred income.

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

	2020 £'000	2019 £'000
Deferred income and accruals	<u>887</u>	<u>887</u>

As at 31 March 2020 the total obligation to demolish gas holders on the transferred sites funded by National Grid Gas plc amounted to £948,000 (2019: £1,137,000).

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

10 Provisions for liabilities

	Environmental £'000	Deferred taxation £'000	Total £'000
At 1 April 2019	269	1	270
Additions	15	—	15
Transfer to deferred tax asset	—	(1)	(1)
Utilised	(27)	—	(27)
Unwinding of discount	11	—	11
At 31 March 2020	268	—	268

Environmental provision

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

The expected decontamination costs have been discounted at a real rate of 0.5% (2019: 1%) 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 3 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 charged 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 2020 relating to gas site decontamination was £272,000 (2019: £281,000) being the best undiscounted estimate of the liability having regard to the uncertainties referred to above.

11 Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019: 100) ordinary shares of £1 each	100	100

In line with the provisions of the Companies Act 2006, the Company has amended its Articles of Association and ceased to have authorised share capital.

Port Greenwich Limited

Notes to the financial statements (continued)

For the year ended 31 March 2020

12 Contingent liabilities

(a) Environmental claims

The environmental provision (note 10) has been set up to deal with the costs of statutory decontamination of the National Grid group's UK old gas works 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 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. Both of these companies are registered in England and Wales at the registered office below.

Copies of the consolidated financial statements can be obtained from the Company Secretary, National Grid plc, 1-3 Strand, London WC2N 5EH.

15 Events after the reporting period

In the period since year end to the date of signing of these financial statements there have continued to be substantial economic and social changes in the UK as a result of the ongoing pandemic of coronavirus disease (COVID-19). These changes and risks are being actively managed by the Directors of the Company. The pandemic is expected to impact cash flows but the Directors believe the impact will be short lived and recoverable.

James Isherwood
Deloitte LLP
Saltire Court
Edinburgh
EH1 2DB

Date: 28 September 2020

Our Ref: JI/2020

Dear Engagement Partner

This representation letter is provided in connection with your audit of the financial statements of Port Greenwich Limited (or "the Company") for the year ended 31st March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Port Greenwich Limited as of 31st March 2020 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the applicable accounting framework and the Companies Act 2006. We are aware that under Section 501 of the Companies Act 2006, it is an offence to mislead a company auditor.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework and the Companies Act 2006 which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of Covid-19 on the Company, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS 24 - Related party disclosures.
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole.
6. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 – Presentation of Financial Statements all matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to liquidate the Company or cease trading as we consider we have realistic alternatives to doing so. We 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. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

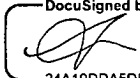
Information provided

7. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter with National Grid plc dated 25 October 2019 and required by sections 499 and 500 of the Companies Act 2006.
8. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
9. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
10. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
11. We are not aware of any fraud or suspected fraud that affects the Company and involves:
 - (i) Directors;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.
12. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others.
13. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements
14. We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.
15. We confirm that we have disclosed to the Company all matters as may be necessary for the purpose of making the directors' remuneration disclosures required by the Companies Act 2006.
16. No claims in connection with litigation have been or are expected to be received.
17. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
18. All minutes of directors, management and shareholders meetings during and since the financial year have been made available to you.
19. Where we have taken advantage of any of the disclosure exemptions in FRS 101 -The Financial Reporting Standard applicable in the UK and Republic of Ireland, which are dependent on equivalent disclosures having been made in a parent company's consolidated financial statements, we have made enquiries of those responsible for the preparation of those consolidated financial statements and confirmed that these disclosures have been made.

20. The disclosures related to accounting estimates under the Company's applicable financial reporting framework are complete and appropriate.
21. We confirm that:
- (i) we consider that the Company has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
 - (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

DocuSigned by:

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Signed on behalf of Port Greenwich Limited

Appendix 1

Schedule of Uncorrected Misstatements

Description	Assets	Liabilities	Equity	Income
	DR / (CR) £	DR / (CR) £	DR / (CR) £	Statement DR / (CR) £

Current period: None identified

Prior period: None identified.

Disclosure deficiencies:

Disclosure title	Description of the deficiency and explanation of why not adjusted	Amount (if applicable)
None identified in current or prior period.		