

Grainger Residential Limited
Financial statements
30 September 2020



Grainger Residential Limited

Financial statements

Year ended 30 September 2020

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Grainger Residential Limited

Officers and professional advisers

The board of directors

Andrew P Saunderson
Adam McGhin
Helen C Gordon
Michael P Keaveney

Company secretary

Adam McGhin

Registered office

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Bankers

Barclays Bank plc
Barclays House
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 2BH

Solicitors

Womble Bond Dickinson (UK) LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

Grainger Residential Limited

Strategic report

Year ended 30 September 2020

The directors present their strategic report for the year ended 30 September 2020.

Principal activity

The principal activity of the company during the year was property development.

Strategy and business model

Grainger is the UK's largest listed provider of private rental homes in the Private Rented Sector ('PRS'). Our strategy is to be the leading provider of private rental homes in the UK and deliver sustainable, attractive returns to our shareholders by increasing overall income returns and improving the resilience and efficiency of our business model.

Our fully integrated business model and operating platform has three key pillars to ensure we are investing in and designing the best possible assets and providing great service:

Originate - *planning, design and delivery*: Planning and creating sustainable buildings to our own specific design gives us control over the delivery and quality of new homes, whilst also ensuring our properties are efficient to run, lead the sector in health and safety, and are desirable to renters.

Invest - *research-backed capital allocation, geographic targeting, acquisitions and asset management*: Our investment process begins with comprehensive research to identify cities with the greatest demand and greatest growth potential. We invest in sites in safe neighbourhoods that provide residents with good proximity to public transport and local services.

Operate - *lettings, management and customer service*: With more than 100 years of experience in renting homes, we are committed to operational excellence and great customer service to achieve high occupancy rates and sustainable rental growth. Investment in technology secures our leading position in the market and enables our continued growth.

Review of the business

The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks at a group level, rather than at an individual company level. Similarly the financial and operational performance of the business is assessed at an operating segment level. The directors of the company are satisfied with the results for the year ended 30 September 2020.

The company's directors believe that analysis using financial and non-financial measures is not necessary or appropriate to understand the business' development, performance or position. As such they have not been included within this report, but are included in the group's annual report.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. The principal risks and uncertainties of the group include:

- a significant short to medium economic contraction/recession leading to flat or negative valuation movements pursuant to an external factor including the Covid-19 pandemic;
- the inability to obtain sufficient finance to fund our growth strategy and operations arising from external factors/events (including, but not limited to, the Covid-19 pandemic or Brexit) which impacts the ability to fund the delivery of the strategy and maintain a strong capital structure;
- a failure to meet current or increased regulatory obligations or anticipate and respond to changes in regulation that increase cost;
- a failure to attract, retain and develop an inclusive and diverse workforce to ensure we have the right skills in the right place at the right time to deliver our strategy, and a failure to adapt to the prevailing government guidance regarding working in offices or remotely in connection with restrictions imposed by the Covid-19 pandemic;

Grainger Residential Limited

Strategic report *(continued)*

Year ended 30 September 2020

- a significant failure within, or by, a key third-party supplier or contractor, or supply chain disruption and the ability to service our Planned Proactive Maintenance Plan, or the liquidity of our supply chain caused by a reduction in supply as a result of lockdown;
- a significant health and safety incident or near-miss occurrence, owing to inadequate or inappropriately implemented procedures, and unsafe workspaces and homes affecting our people and customers due to the risks of the Covid-19 pandemic;
- the allocation of a portion of our capital to development activities which may be complex and potentially bring multiple related risks;
- the loss of confidential data or technology disruption due to an internal or external attack on our information systems and data or by internal security control failure;
- the failure to fulfil our customer proposition and our service standards heightened by a period of uncertainty and change caused by lockdown measures and social distancing rules; and
- the impacts of climate change on our business and operations, including an extreme weather event, changes in weather patterns, transition to a zero-carbon economy, and customer preferences for more energy efficient properties.

Section 172 statement

This section of the strategic report describes how the directors have had regard to the matters set out in Section 172(1) of the Companies Act 2006 ('s172') when performing their duty to promote the success of the company for the benefit of its shareholders. As the company is a subsidiary of Grainger plc (the 'Group'), its parent company and other members of the Group are key stakeholders of the company. Accordingly, the interests of the Group have been taken into account by the directors and decisions have been made in agreement with the Board of Grainger plc. The approach to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006 are summarised as follows, and are detailed in the Grainger plc Annual Report.

The long term – Grainger is committed to being a long-term investor in homes and communities, and delivering long-term success to our shareholders.

Employees – Employees are at the heart of our business and our people strategy focuses on delivering the highest levels of learning and development, wellbeing and inclusion.

Business relationships with suppliers, customers and partners – The relationships with our key partners and suppliers are critical to our ability to deliver and maintain high-quality rental homes. Strong relationships with our customers supports retention and creates a community within our buildings.

The community and the environment – We consider communities to encompass those created within our buildings as well as those around them, and actively seek ways to promote thriving communities and to minimise our impact on the environment.

High standards of business conduct – Grainger is proud to be a FTSE4Good business and adheres to the highest standards of business conduct in interactions with all our stakeholders.

Shareholders – We conduct regular direct engagement with our shareholders through a range of channels, and ensure key issues raised are factored into strategic decision-making.

Grainger Residential Limited

Strategic report *(continued)*

Year ended 30 September 2020

Future developments

The directors expect the performance of the company to continue satisfactorily for the foreseeable future.

This report was approved by the board of directors on 17 May 2021 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'A. McGhin', is positioned above the printed name of the Company Secretary.

Adam McGhin
Company Secretary

Grainger Residential Limited

Directors' report

Year ended 30 September 2020

The directors present their report and the financial statements of the company for the year ended 30 September 2020.

Directors

The directors who served the company during the year, and subsequent to the year end, were as follows:

Andrew P Saunderson

Adam McGhin

Helen C Gordon

Vanessa K Simms

(Resigned 26 April 2021)

Michael P Keaveney

Dividends

The directors do not recommend the payment of a dividend (2019: £nil).

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Grainger Residential Limited

Directors' report *(continued)*

Year ended 30 September 2020

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board of directors on 17 May 2021 and signed on behalf of the board by:



Adam McGhin
Company Secretary

Independent auditor's report to the members of Grainger Residential Limited

Opinion

We have audited the financial statements of Grainger Residential Limited ("the company") for the year ended 30 September 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Grainger Residential Limited *(continued)*

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Grainger Residential Limited (continued)

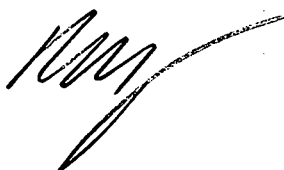
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 auditors' 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.



Richard Kelly (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
19 May 2021

Grainger Residential Limited

Statement of comprehensive income

Year ended 30 September 2020

	Note	2020 £	2019 £
Turnover	4	29,302,587	125,945,633
Cost of sales		(26,916,200)	(119,037,745)
Gross profit		2,386,387	6,907,888
Administrative expenses		(503,656)	(547,965)
Operating profit	5	1,882,731	6,359,923
Interest payable and similar expenses	6	–	(692,985)
Profit before taxation		1,882,731	5,666,938
Tax on profit	7	(357,719)	(1,076,718)
Profit for the financial year and total comprehensive income		1,525,012	4,590,220

All the activities of the company are from continuing operations.

The notes on pages 13 to 18 form part of these financial statements.

Grainger Residential Limited

Statement of financial position

30 September 2020

	Note	2020 £	2019 £
Current assets			
Stocks	8	62,737,644	35,945,710
Creditors: amounts falling due within one year	9	<u>(62,927,906)</u>	<u>(37,660,984)</u>
Net current liabilities		<u>(190,262)</u>	<u>(1,715,274)</u>
Total assets less current liabilities		<u>(190,262)</u>	<u>(1,715,274)</u>
Net liabilities		<u>(190,262)</u>	<u>(1,715,274)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	<u>(190,263)</u>	<u>(1,715,275)</u>
Shareholders' deficit		<u>(190,262)</u>	<u>(1,715,274)</u>

These financial statements were approved by the board of directors and authorised for issue on 17 May 2021, and are signed on behalf of the board by:



Adam McGhin
Director

Company registration number: 05016546

The notes on pages 13 to 18 form part of these financial statements.

Grainger Residential Limited

Statement of changes in equity

Year ended 30 September 2020

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2018	1	(6,305,495)	(6,305,494)
Profit for the year	—	4,590,220	4,590,220
Total comprehensive income for the year	—	4,590,220	4,590,220
At 30 September 2019	1	(1,715,275)	(1,715,274)
Profit for the year	—	1,525,012	1,525,012
Total comprehensive income for the year	—	1,525,012	1,525,012
At 30 September 2020	1	(190,263)	(190,262)

The notes on pages 13 to 18 form part of these financial statements.

Grainger Residential Limited

Notes to the financial statements

Year ended 30 September 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

2. Statement of compliance

The financial statements of Grainger Residential Limited ("the company") for the year ended 30 September 2020 were authorised for issue by the board of directors on 17 May 2021 and the statement of financial position was signed on the board's behalf by Adam McGhin.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The company's ultimate parent undertaking, Grainger plc, includes the company in its consolidated financial statements. The consolidated financial statements of Grainger plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year.

Grainger Residential Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Going concern

Notwithstanding net current liabilities of £190,262 as at 30 September 2020 and a profit for the year then ended of £1,525,012, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Grainger plc operating segment level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

On a consolidated basis, the Group has assessed its future funding commitments and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, reasonable severe sensitivities, including the potential impact of Covid-19, have been applied to the key factors affecting financial performance of the Group. This includes the potential impact on performance due to possible changes in the level of cash collection, rental growth, letting activity, sales performance and development activity. The Directors of the Group have a reasonable expectation that it has adequate resources to continue operating for the foreseeable future period, and not less than 12 months from the date of approval of these financial statements.

Whilst the entity does not expect to rely on future support from its ultimate parent undertaking, or any of its fellow subsidiaries, Grainger plc has indicated that it will make available such funds as are needed by the entity and that it does not intend to seek repayment of amounts due at the balance sheet date for the foreseeable future. As with any entity placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. The directors do not intend to nor have they identified any circumstances which may lead to the entity being liquidated or to cease operating.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Grainger Residential Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- (a) Cash flow statement and related notes;
- (b) Comparative period reconciliations for share capital;
- (c) Disclosures in respect of capital management;
- (d) The effects of new but not yet effective IFRSs;
- (e) Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Grainger plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

The company has considered the impact of the adoption of those new and revised International Financial Reporting Standards and interpretations that were effective for the first time from 1 October 2019. There has been no material impact on the company following the adoption of these standards.

Revenue recognition

Turnover comprises gross sale proceeds of trading properties and land, exclusive of VAT. Property is regarded as sold when performance obligations have been met and control has been transferred to the buyer. This is generally deemed to be on legal completion as at this point the buyer is able to determine the use of the property and has rights to any cash inflows or outflows in respect of the property.

Income tax

The taxation charge for the year represents the sum of the tax currently payable and deferred tax. The charge is recognised in the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax payable or receivable is based on the taxable income for the period and any adjustment in respect of prior periods and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Tax payable upon the realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will give rise to a future tax liability against which the deferred tax assets can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Grainger Residential Limited

Notes to the financial statements (continued)

Year ended 30 September 2020

3. Accounting policies (continued)

Stocks

Development properties and development land are shown in the financial statements at the lower of cost and net realisable value. Cost includes legal and surveying charges incurred during the acquisition plus improvement costs. Net realisable value is calculated based on whether the land or property is to be sold in its current condition or whether it will be subject to further development. Where the land or property is to be further developed, net realisable value is based on the future expected value. Where the land or property is to be sold in its current condition, net realisable value is based on current market value.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other creditors, and loans and borrowings.

Trade and other creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported. The judgements, estimates and assumptions that the directors consider to be most significant to the financial statements relate to the valuation of stocks and are detailed at note 8.

4. Turnover

Turnover arises from:

	2020 £	2019 £
Proceeds from sale of trading properties	<u>29,302,587</u>	<u>125,945,633</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Audit fees of £3,700 (2019: £3,300) are statutory audit fees only and are borne by another group company.

There are no persons holding service contracts with the company (2019: none). None of the directors received any remuneration from the company during the year, or in the previous year, in respect of their services to the company.

6. Interest payable and similar expenses

	2020 £	2019 £
Interest due to group undertakings	1,099,033	2,408,682
Interest capitalised in stock	(1,099,033)	(1,715,697)
	<u>–</u>	<u>692,985</u>

Grainger Residential Limited

Notes to the financial statements (continued)

Year ended 30 September 2020

7. Tax on profit

Major components of tax expense

	2020 £	2019 £
Current tax:		
UK current tax expense	357,719	1,076,718
Tax on profit	357,719	1,076,718

Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is the same as (2019: the same as) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	1,882,731	5,666,938
Profit on ordinary activities by rate of tax	357,719	1,076,718

Factors that may affect future tax income

At the date of approval of these financial statements, the government has announced that it intends to increase the UK corporation tax rate from 19% to 25% (effective 1 April 2023), but has not yet legislated for this change. Any changes in corporation tax rates, once enacted, will impact the company's future current tax charge and any deferred tax balances accordingly.

8. Stocks

	2020 £	2019 £
Stock	62,737,644	35,945,710

In the opinion of the directors, there is no material difference between the replacement value and the carrying value of stock.

The directors have reviewed the net realisable value of the developments. They have concluded that the net realisable value exceeds the book cost of the properties and therefore no provision against carrying value of stock is required.

9. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,195,592	—
Amounts owed to group undertakings	54,665,592	30,579,229
Accruals and deferred income	4,227,389	3,225,030
Social security and other taxes	471,723	364,565
Other creditors	2,367,610	3,492,160
	62,927,906	37,660,984

Grainger Residential Limited

Notes to the financial statements (continued)

Year ended 30 September 2020

9. Creditors: amounts falling due within one year (continued)

Included within amounts owed to group undertakings is an amount of £53,741,899 (2019: £17,104,865), which is unsecured, is repayable on demand and bears interest at a weighted rate of 4.23% (2019: 4.41%) in the year. Interest payable for the year amounted to £1,099,033 (2019: £2,408,682). All other amounts are unsecured, are repayable on demand, and do not bear interest.

10. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

11. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

12. Contingent liabilities

At 30 September 2020 the company, together with certain of its fellow subsidiaries, has guaranteed the £700,000,000 (2019: £350,000,000) corporate bonds issued by Grainger plc, together with bank loans of £357,907,194 (2019: £440,884,799) of certain fellow subsidiaries by means of a legal charge over its assets and book debts. Details of the debt repayment profile are shown in the statutory financial statements of the ultimate parent undertaking, Grainger plc.

13. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Grainger plc group.

14. Ultimate parent undertaking and controlling party

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

Grainger plc is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.