

COMPANY REGISTRATION NUMBER 5019636

Grainger Employees Limited
Financial statements
30 September 2015

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Grainger Employees Limited

Financial statements

Year ended 30 September 2015

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Grainger Employees Limited

Officers and professional advisers

The board of directors

Mark J Robson
Nick P On
Nicholas M F Jopling
Helen C Gordon
Vanessa K Simms

Company secretary

Adam McGhin

Registered office

Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX

Bankers

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

Solicitors

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE1 3DX

Grainger Employees Limited

Strategic report

Year ended 30 September 2015

The directors present their strategic report for the year ended 30 September 2015.

Principal activity

The principal activity of the company during the year was the provision of management services to other group companies.

Strategy and business model

Grainger is a specialist residential company. Our objective is to be the leading institutional residential investment vehicle, delivering sustainable long-term returns to our investors and our partners. Our strategy is to maximise the returns from our reversionary portfolio while we grow our private rented sector (PRS) business.

Our key areas of focus are to grow our rents, to simplify and focus our business, and to build on our heritage. We will continue to increase and accelerate investment into existing and newly built rental homes, re-allocate resources to deliver new PRS stock, and improve access and conversion of PRS opportunities. We will simplify and focus our business by concentrating on two core assets (PRS and regulated tenancies); exiting non-core businesses and assets; improving operational efficiency through reducing overheads and transitioning to a simpler, streamlined structure; prioritising direct investment; and further reducing our cost of financing. We will build on our heritage by retaining our high quality, regulated tenancy portfolio, which delivers excellent total returns and cash to support our growth in PRS. We will continue to maximise the opportunities and competitive advantage that our market leading residential platform provides.

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 a business unit level. The directors of the company are satisfied with the results for the year ended 30 September 2015.

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.

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, which are specific to the company, include: a deterioration and/or instability of wider global/European economic markets leading to long-term flat or negative growth in the value of assets; a lack of availability of finance for the group to achieve its strategic objectives; a failure to meet current or increased legal or regulatory obligations; a failure to attract, retain and develop our people; a significant failure within or by a key third-party supplier or contractor; a significant Health and Safety incident; a failure of the supporting control environment; a failure to implement PRS strategy due to failure to acquire assets on acceptable terms and/or failure to integrate PRS assets efficiently in the management platform.

Future developments

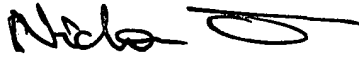
The directors expect the performance of the company to continue satisfactorily for the foreseeable future.

Grainger Employees Limited

Strategic report *(continued)*

Year ended 30 September 2015

By Order of the Board



Nick P On
Director
31 March 2016

Signed by order of the directors



Adam McGhin
Company Secretary

Approved by the directors on 31 March 2016

Grainger Employees Limited

Directors' report

Year ended 30 September 2015

The directors present their report and the financial statements of the company for the year ended 30 September 2015.

Results and dividends

The profit for the year amounted to £1,869,037 (2014: £1,531,087). The directors do not recommend the payment of a dividend (2014: £nil).

Directors

The directors who served the company during the year, and changes since the year end, were as follows:

Andrew R Cunningham
Mark J Robson
Nick P On
Mark Greenwood
Nicholas M F Jopling

Helen C Gordon was appointed as a director on 31 December 2015.
Vanessa K Simms was appointed as a director on 11 February 2016.
Andrew R Cunningham resigned as a director on 31 December 2015.
Mark Greenwood resigned as a director on 22 December 2015.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 year.

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 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.

Disabled employees

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled every effort is made to ensure that their employment within the company continues and that appropriate training is arranged where necessary. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Grainger Employees Limited

Directors' report *(continued)*

Year ended 30 September 2015

Employee involvement

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees, for example, eligibility to join company share schemes, and on the various factors affecting the performance of the group. Communication is made using the intranet, and through regular meetings with, and presentations by, senior management.

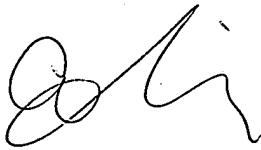
Auditor

KPMG LLP were appointed as auditor during the year, and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has 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.

By order of the board



Adam McGhin
Company Secretary

Approved by the directors on 31 March 2016

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

We have audited the financial statements of Grainger Employees Limited for the year ended 30 September 2015 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



Nick Plumb (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX
6 April 2016

Grainger Employees Limited

Profit and loss account

Year ended 30 September 2015

	Note	2015 £	2014 £
Turnover	2	21,264,484	21,402,002
Cost of sales		(20,251,588)	(20,167,168)
Gross profit		1,012,896	1,234,834
Administrative expenses		470	(12,219)
Operating profit	3	1,013,366	1,222,615
Interest receivable	6	451,059	446,026
Profit on ordinary activities before taxation		1,464,425	1,668,641
Tax on profit on ordinary activities	7	404,612	(137,554)
Profit for the financial year	16	<u>1,869,037</u>	<u>1,531,087</u>

All of the activities of the company are classed as continuing.

The notes on pages 11 to 18 form part of these financial statements.

Grainger Employees Limited

Statement of total recognised gains and losses

Year ended 30 September 2015

	2015	2014
	£	£
Profit for the financial year attributable to the shareholders	1,869,037	1,531,087
Recognition of equity-settled share-based payments in the year	2,040,140	1,966,500
Total gains and losses recognised since the last annual report	<u>3,909,177</u>	<u>3,497,587</u>

The notes on pages 11 to 18 form part of these financial statements.

Grainger Employees Limited

Balance sheet

30 September 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	8	—	—
Current assets			
Debtors	9	29,924,125	27,047,050
Creditors: Amounts falling due within one year	11	(4,896,231)	(5,928,333)
Net current assets		25,027,894	21,118,717
Total assets less current liabilities		25,027,894	21,118,717
Capital and reserves			
Called-up equity share capital	14	1	1
Share options reserve	15	15,091,208	13,051,068
Profit and loss account	16	9,936,685	8,067,648
Shareholders' funds	17	25,027,894	21,118,717

These accounts were approved by the directors and authorised for issue on 31 March 2016, and are signed on their behalf by:



Nick P On
Director

Company Registration Number: 5019636

The notes on pages 11 to 18 form part of these financial statements.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2015

1. Accounting policies

Basis of accounting

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

Cash flow statement

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of FRS 1 from preparing a cash flow statement.

Turnover

Turnover comprises management fees and sundry other income, exclusive of VAT. Management fees and sundry other income are recognised when they become receivable.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings - 20% straight line

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2015

1. Accounting policies *(continued)*

Share-based payments

The group operates a number of equity-settled, share based compensation plans comprising awards under a long-term incentive scheme ('LTIS'), a deferred bonus plan ('DBP'), a share incentive plan ('SIP'), and a save as you earn ('SAYE') scheme. Where the company's parent grants rights to its equity instruments to the company's employees which are accounted for as equity-settled in the consolidated accounts of the parent, the company accounts for these share-based payments as equity-settled. The fair value of the employee services received in exchange for the grant of shares and options is recognised as an employee expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to the original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. Awards that are subject to market-based performance conditions are valued at fair value using the Monte Carlo simulation model. Awards not subject to market based conditions are valued at fair value using the Black-Scholes valuation model.

When options are exercised the proceeds received net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium in the parent company.

2. Turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the UK as defined in the Strategic report.

3. Operating profit

Operating profit is stated after charging:

	2015 £	2014 £
Auditor's remuneration		
- audit of these financial statements	—	—
Audit fees are statutory audit fees only and are borne by another Group company.		

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2015

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2015	2014
	No	No
Employees	<u>258</u>	<u>255</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	15,092,963	15,417,312
Social security costs	2,115,743	1,794,871
Other pension costs	1,002,742	988,485
Equity-settled share-based payments	<u>2,040,140</u>	<u>1,966,500</u>
	<u>20,251,588</u>	<u>20,167,168</u>

Included within wages and salaries are redundancy costs totalling £nil (2014: £423,442).

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £1,002,742 (2014: £988,485). Contributions amounting to £110,638 (2014: £103,712) were payable to the scheme and are included in creditors.

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Remuneration receivable	2,681,406	2,853,054
Amounts receivable under long-term incentive schemes	3,774,334	3,670,532
Value of company pension contributions to money purchase schemes	<u>200,786</u>	<u>247,200</u>
	<u>6,656,526</u>	<u>6,770,786</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2015	2014
	No	No
Money purchase schemes	<u>5</u>	<u>6</u>

The highest paid director was Andrew R Cunningham who was also a director of Grainger plc. Full details of his remuneration and his interests in Grainger plc shares and options are disclosed in the annual report of Grainger plc. The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest paid director was £2,462,531 (2014: £2,454,243) and company pension contributions of £66,512 (2014: £64,181) were made to a money purchase scheme on his behalf.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2015

6. Interest receivable

	2015 £	2014 £
Interest from group undertakings	<u>451,059</u>	<u>446,026</u>

7. Taxation on ordinary activities

(a) Analysis of (credit)/charge in the year

	2015 £	2014 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20.50% (2014 - 22%)	(297,321)	175,933
Total current tax	<u>(297,321)</u>	<u>175,933</u>
Deferred tax:		
Origination and reversal of timing differences (note 10)		
Capital allowances	3,059	3,731
Provision for deferred tax; unpaid remuneration	(110,350)	(42,110)
Total deferred tax (note 10)	<u>(107,291)</u>	<u>(38,379)</u>
Tax on profit on ordinary activities	<u>(404,612)</u>	<u>137,554</u>

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

(b) Factors affecting current tax (credit)/charge

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.50% (2014 - 22%).

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>1,464,425</u>	<u>1,668,641</u>
Profit on ordinary activities by rate of tax	300,207	367,101
Capital allowances for period in excess of depreciation	(3,136)	(4,104)
Deferred tax arising on unpaid remuneration	113,192	46,321
Deduction in respect of share-based payments	(707,584)	(233,385)
Total current tax (note 7(a))	<u>(297,321)</u>	<u>175,933</u>

(c) Factors that may affect future tax charges

The main rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. A number of further changes to the UK corporation tax system have been proposed. These changes, which had not been substantively enacted at the balance sheet date, include further reductions in the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020. These further rate reductions are not expected to have a material effect on the company's future tax charge.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2015

8. Tangible fixed assets

	Fixtures & Fittings £
Cost	
At 1 October 2014 and 30 September 2015	<u>428,593</u>
Depreciation	
At 1 October 2014 and 30 September 2015	<u>428,593</u>
Net book value	
At 30 September 2015	<u>-</u>
At 30 September 2014	<u>-</u>

9. Debtors

	2015 £	2014 £
Amounts owed by group undertakings	29,520,438	26,759,592
Other debtors	90,770	81,832
Deferred taxation (note 10)	312,917	205,626
	<u>29,924,125</u>	<u>27,047,050</u>

10. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2015 £	2014 £
Included in debtors (note 9)	<u>312,917</u>	<u>205,626</u>

The movement in the deferred taxation account during the year was:

	2015 £	2014 £
Balance brought forward	205,626	167,247
Profit and loss account movement arising during the year	107,291	38,379
Balance carried forward	<u>312,917</u>	<u>205,626</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Excess of depreciation over taxation allowances	13,938	16,997
Provision deferred tax; unpaid remuneration	298,979	188,629
	<u>312,917</u>	<u>205,626</u>

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2015

11. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	1,975	4,596
PAYE and social security	503,046	502,074
Other creditors	108,169	171,485
Accruals and deferred income	4,283,041	5,250,178
	<u>4,896,231</u>	<u>5,928,333</u>

12. Share-based payments

The Grainger plc group operates a save as you earn ('SAYE') share option scheme available to employees. The number of shares subject to options as at 30 September 2015, the periods in which they were granted and the periods in which they may be exercised, are given below.

Year of grant	Exercise price (pence)	Exercise period	2015 number	2014 number
SAYE share options				
2010	90.8	2013-16	-	6,805
2011	98.7	2014-17	20,316	27,446
2012	68.9	2015-18	107,716	573,838
2013	115.1	2016-19	95,427	96,468
2014(A)	173.1	2017-20	187,488	492,215
2014(B)	151.3	2018-20	524,494	-
2015	173.3	2018-21	215,979	-
Total SAYE share options			<u>1,151,420</u>	<u>1,196,772</u>

The movement on the share options schemes during the year is as follows:

	Opening position	Exercised	Granted	Lapsed	Closing position
SAYE scheme					
2010	6,805	(6,805)	-	-	-
2011	27,446	(7,130)	-	-	20,316
2012	573,838	(447,589)	-	(18,533)	107,716
2013	96,468	-	-	(1,041)	95,427
2014(A)	492,215	(1,877)	-	(302,850)	187,488
2014(B)	-	(991)	540,434	(14,949)	524,494
2015	-	-	217,493	(1,514)	215,979
	<u>1,196,772</u>	<u>(464,392)</u>	<u>757,927</u>	<u>(338,887)</u>	<u>1,151,420</u>
Weighted average exercise price (pence per share)	<u>116.3</u>	<u>70.3</u>	<u>157.6</u>	<u>166.3</u>	<u>147.3</u>

For those share options exercised during the year, the weighted average share price at the date of exercise was 229.5p (2014: 46.5p). For share options outstanding at the end of the year, the weighted average remaining contractual life is 3.4 years (2014: 3.0 years). There were 33,698 (2014: 7,130) share options exercisable at the year end with a weighted average exercise price of 68.9p (2014: 98.7p).

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2015

12. Share-based payments *(continued)*

The Grainger plc group operates an equity-settled, share-based compensation plan comprising awards under a long-term incentive scheme ('LTIS'), a deferred bonus plan ('DBP'), a share incentive plan ('SIP') and a save as you earn ('SAYE') scheme.

For the LTIS awards, one-half are subject to an absolute total shareholder return performance condition measured over three years from the date of grant and one-half are subject to annual growth in NNNAV compared to the average growth in the Halifax and Nationwide House Price indices all measured over three years from the date of grant. Awards subject to an absolute total shareholder return performance, which is a market based performance condition, have been valued at fair value using a Monte Carlo simulation valuation model. Awards subject to growth in NNNAV, which is a non-market based performance condition, have been valued at fair value using a Black-Scholes valuation model.

Awards granted under the DBP have no specific performance conditions other than the group meeting its target for operating profit before valuation movements and non-recurring items (OPBVM) and employees in the scheme continuing to be employed. There is a three-year vesting period from the date of grant. One-third of the awards vest at the end of each year. Participants can choose to exercise their awards on vesting or to retain their awards within the plan until the end of the third year at which point a 50% matching element is added to their award entitlement. During the year, in addition to the normal DBP scheme, an enhanced DBP scheme (EDBP) was also provided. The enhanced scheme operates in exactly the same way as the normal DBP scheme except that if participants retain their awards within the plan until the end of the fifth year, a further additional 50% matching award is added to their award entitlement. Awards under the DBP/EDBP have been valued based on the share price at the date of the award less the dividend yield at the award date as there is no entitlement to dividends during the vesting period.

Awards under the SAYE scheme have been valued at fair value using a Black-Scholes valuation model.

Awards under the SIP scheme have been based on the share price at the date of the award.

Shares were awarded, subject to any vesting conditions set out above, to executive directors and selected employees during the year under the LTIS. Share options were granted to employees of the group during the year in two separate tranches under the SAYE scheme.

The company recognised total expenses of £2,040,140 (2014: £1,966,500) related to equity-settled share-based payment transactions during the year.

13. Related party transactions

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are wholly owned members of the Grainger plc group.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2015

14. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

15. Share options reserve

	2015	2014
	£	£
Balance brought forward	13,051,068	11,084,568
Recognition of equity-settled share-based payments in the year	<u>2,040,140</u>	<u>1,966,500</u>
Balance carried forward	<u>15,091,208</u>	<u>13,051,068</u>

16. Profit and loss account

	2015	2014
	£	£
Balance brought forward	8,067,648	6,536,561
Profit for the financial year	<u>1,869,037</u>	<u>1,531,087</u>
Balance carried forward	<u>9,936,685</u>	<u>8,067,648</u>

17. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Profit for the financial year	1,869,037	1,531,087
Recognition of equity-settled share-based payments in the year	<u>2,040,140</u>	<u>1,966,500</u>
Net addition to shareholders' funds	3,909,177	3,497,587
Opening shareholders' funds	<u>21,118,717</u>	<u>17,621,130</u>
Closing shareholders' funds	<u>25,027,894</u>	<u>21,118,717</u>

18. 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.