

Grainger Employees Limited
Financial statements
30 September 2014



Grainger Employees Limited

Financial statements

Year ended 30 September 2014

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report to the shareholders	6
Profit and loss account	8
Statement of total recognised gains and losses	9
Balance sheet	10
Notes to the financial statements	11

Grainger Employees Limited

Officers and professional advisers

The board of directors

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

Company secretary

Michael P Windle

Registered office

Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditor
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers

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

Solicitors

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE99 1SB

Grainger Employees Limited

Strategic report

Year ended 30 September 2014

The directors present their strategic report on the group for the year ended 30 September 2014.

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. Accordingly 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 within the group's annual report on pages 17-19, which does not form part of this report.

The principal activity of the company during the year was the provision of management services to other group companies. In so doing the company has contributed to the overall strategy and business model of the group as outlined below.

Strategy

Grainger is a specialist residential company. Our objective is to be a leader in the residential market, delivering sustainable long-term returns to our investors and our partners from a combination of sales, rents and fee income. We will achieve this by maintaining our leadership role within the industry, locating and managing our assets to deliver the best returns, balancing the sources of our income through exploiting changing market opportunities and optimising our financial and operational gearing to match market conditions.

Business Model

Through our business model we deliver strong returns from our reversionary and market rented assets and our residential expertise allows us to supplement these returns by generating management fee income. Our expertise and the scale of our assets and operations enable us to generate sustainable income streams.

Assets:

Reversionary Assets: we acquire tenanted properties at a discount to vacant possession value and sell them when they become vacant. We continue to seek acquisition opportunities for reversionary assets.

Market rented asset: we let at market rents and actively manage our assets to drive rental growth. We will grow our market rental business and develop purpose built residential rental assets to hold and manage long term.

Assets under management: we earn fees from our management of residential assets owned by third-parties or within co-investment vehicles. We will use our residential expertise to increase our fee income.

Sales

The majority of our recurring sales revenues and profit on sale comes from the sale of properties when they fall vacant thereby releasing the inherent reversionary surplus. In addition, when we decide that a particular property no longer offers attractive future growth we sell these properties while occupied (tenanted sales). We also take advantage of opportunities for adding value by utilising our in-house expertise to refurbish a select number of properties before sale.

Rents

Rental income is a key income stream for the group. It is regular and predictable, complementing our sales from trading properties. Rental income is derived from both our reversionary and our market rented portfolios. Our opportunities to increase rent come largely from rent reviews on existing reversionary tenanted assets and renewals and new lets in our market rented portfolio.

Grainger Employees Limited

Strategic report (continued)

Year ended 30 September 2014

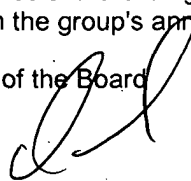
Fees

A key strategic element of Grainger's business is to seek opportunities to generate recurring income. Over the past years we have been successful in increasing fee income from a number of different sources, derived from asset and property management fees from our co-investment vehicles and management contracts.

Principal Risks and Uncertainties

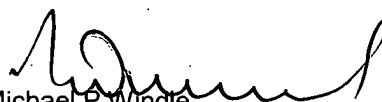
From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly the principal risks and uncertainties of the Grainger plc group, which include those of the company, are discussed on pages 21 to 23 of in the group's annual report, which does not form part of this report.

By Order of the Board



Mark Greenwood
Director
16 June 2015

Signed by order of the directors



Michael P Windle
Company Secretary

Approved by the directors on 16 June 2015

Grainger Employees Limited

Directors' report

Year ended 30 September 2014

The directors present their report and the financial statements of the company for the year ended 30 September 2014.

Results and dividends

The profit for the year amounted to £1,531,087 (2013: £345,100). The directors have not recommended a dividend.

Principal risks and uncertainties

The directors of Grainger plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Grainger Employees Limited's business. The principal risks and uncertainties of the Grainger plc group, which include those of the company, are discussed in the group's annual report, which does not form part of this report.

Key performance indicators

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of Grainger Employees Limited's business.

Directors

The directors who served the company during the year were as follows:

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

Peter Q P Couch resigned as a director on 31 January 2014.

Policy on the payment of creditors

It is the company's policy to pay all of its suppliers in accordance with their normal trading terms and conditions for both the current year and the following financial year. Trade creditor days relating to trade creditors of the Company were calculated as 22 days (2013: 22 days).

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;

Grainger Employees Limited

Directors' report (continued)

Year ended 30 September 2014

- 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.

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.

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.

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out the company's strategic report information as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

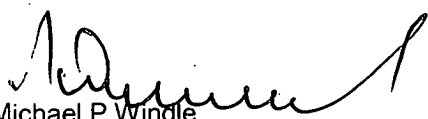
Each of the persons who is a director at the date of approval of this report confirm that:

- 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.

Auditor

A tender process for the external audit has recently concluded and the Board of Grainger plc resolved to appoint KPMG LLP as auditors of the company for the year ended 30 September 2015.

Signed by order of the directors



Michael P Windle
Company Secretary

Approved by the directors on 16 June 2015

Grainger Employees Limited

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

Year ended 30 September 2014

Report on the financial statements

Our opinion

In our opinion, Grainger Employees Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

Grainger Employees Limited's financial statements comprise:

- the balance sheet as at 30 September 2014;
- the profit and loss account and statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Grainger Employees Limited

Independent auditor's report to the shareholders of Grainger Employees Limited (continued)

Year ended 30 September 2014

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

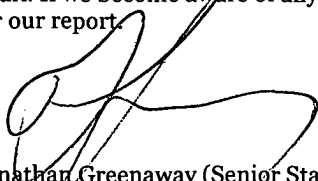
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
16 June 2015

Grainger Employees Limited

Profit and loss account

Year ended 30 September 2014

	Note	2014 £	2013 £
Turnover	2	21,402,000	19,635,999
Administrative expenses		(20,179,385)	(19,527,680)
Operating profit	3	1,222,615	108,319
Interest receivable	6	446,026	378,181
Profit on ordinary activities before taxation		1,668,641	486,500
Tax on profit on ordinary activities	7	(137,554)	(141,400)
Profit for the financial year		<u>1,531,087</u>	<u>345,100</u>

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

The notes on pages 11 to 17 form part of these financial statements.

Grainger Employees Limited

Statement of total recognised gains and losses

Year ended 30 September 2014

	2014 £	2013 £
Profit for the financial year attributable to the shareholders	1,531,087	345,100
Recognition of equity-settled share-based payments in the year	<u>1,966,500</u>	<u>2,263,102</u>
Total gains and losses recognised since the last annual report	<u>3,497,587</u>	<u>2,608,202</u>

The notes on pages 11 to 17 form part of these financial statements.

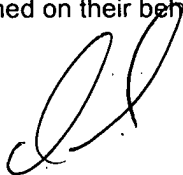
Grainger Employees Limited

Balance sheet

30 September 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	8	—	—
Current assets			
Debtors	9	27,047,050	23,058,548
Creditors: Amounts falling due within one year	11	(5,928,333)	(5,437,418)
Net current assets		21,118,717	17,621,130
Total assets less current liabilities		21,118,717	17,621,130
Capital and reserves			
Called-up equity share capital	14	1	1
Share options reserve	15	13,051,068	11,084,568
Profit and loss account	16	8,067,648	6,536,561
Shareholders' funds	17	21,118,717	17,621,130

These accounts were approved by the directors and authorised for issue on 16 June 2015, and are signed on their behalf by:



Mark Greenwood
Director

Company Registration Number: 5019636

The notes on pages 11 to 17 form part of these financial statements.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2014

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 Financial Reporting Standard No 1 (Revised 1996) from preparing a cash flow statement.

Turnover

Turnover comprises management fees and sundry other income, exclusive of VAT.

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 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 2014

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. 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 directors' report.

3. Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Auditor's remuneration		
- as auditor	—	—
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 2014

4. Particulars of employees

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

	2014	2013
	No	No
Employees	<u>255</u>	<u>256</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	15,417,310	14,067,715
Social security costs	1,794,871	2,272,249
Other pension costs	988,485	922,293
Equity-settled share-based payments	1,966,500	2,263,102
	<u>20,167,166</u>	<u>19,525,359</u>

Included within wages and salaries are redundancy costs totalling £423,442 (2013: £127,099).

Details of the company's pension scheme arrangements can be found in the financial statements of the ultimate holding company, Grainger plc.

5. Directors' remuneration

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

	2014	2013
	£	£
Remuneration receivable	6,523,586	3,566,669
Value of company pension contributions to money purchase schemes	247,200	229,617
	<u>6,770,786</u>	<u>3,796,286</u>

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

	2014	2013
	No	No
Money purchase schemes	<u>6</u>	<u>6</u>

The highest paid director was Andrew R Cunningham who is 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.

6. Interest receivable

	2014	2013
	£	£
Interest from group undertakings	<u>446,026</u>	<u>378,181</u>

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2014

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014	2013
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 22% (2013 - 23.50%)	175,933	204,489
Total current tax	175,933	204,489
Deferred tax:		
Origination and reversal of timing differences (note 10)		
Capital allowances	3,731	8,342
Provision deferred tax; unpaid remuneration	(42,110)	(71,431)
Total deferred tax (note 10)	(38,379)	(63,089)
Tax on profit on ordinary activities	137,554	141,400

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

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 22% (2013 - 23.50%).

	2014	2013
	£	£
Profit on ordinary activities before taxation	1,668,641	486,500
Profit on ordinary activities by rate of tax	367,101	114,328
Capital allowances for period in excess of depreciation	(4,104)	(5,346)
Deferred tax arising on unpaid remuneration	46,321	95,507
Deduction in respect of share-based payments	(233,385)	-
Total current tax (note 7(a))	175,933	204,489

(c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2014

8. Tangible fixed assets

	Fixtures & Fittings £
Cost	
At 1 October 2013 and 30 September 2014	<u>428,593</u>
Depreciation	
At 1 October 2013 and 30 September 2014	<u>428,593</u>
Net book value	
At 30 September 2014	<u>-</u>
At 30 September 2013	<u>-</u>

9. Debtors

	2014 £	2013 £
Amounts owed by group undertakings	26,759,592	22,817,760
Other debtors	81,832	73,541
Deferred taxation (note 10)	205,626	167,247
	<u>27,047,050</u>	<u>23,058,548</u>

10. Deferred taxation

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

	2014 £	2013 £
Included in debtors (note 9)	<u>205,626</u>	<u>167,247</u>

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

	2014 £	2013 £
Balance brought forward	167,247	104,158
Profit and loss account movement arising during the year	38,379	63,089
Balance carried forward	<u>205,626</u>	<u>167,247</u>

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

	2014 £	2013 £
Excess of depreciation over taxation allowances	16,997	20,728
Provision deferred tax; unpaid remuneration	188,629	146,519
	<u>205,626</u>	<u>167,247</u>

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2014

11. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	4,596	19,303
PAYE and social security	502,074	441,908
Other creditors	171,485	97,472
Accruals and deferred income	5,250,178	4,878,735
	<u>5,928,333</u>	<u>5,437,418</u>

12. Share-based payments

Equity-settled share-based payments

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 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 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 continued employment by the group. 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. As at 30 September 2014, there were awards outstanding from December 2010, 2011, 2012 and 2013.

Awards under the DBP 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 and the DBP. Employees are eligible to join the SIP scheme after they have been employed 18 months by the company. Share options were granted to employees of the group during the year under the SAYE scheme.

The company recognised total expenses of £1,966,500 (2013 - £2,263,102) 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 Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the Grainger plc group.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2014

14. Share capital

Authorised share capital:

	2014	2013
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2014	2013
	No	No
	£	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

15. Share options reserve

	2014	2013
	£	£
Balance brought forward	11,084,568	8,821,466
Recognition of equity-settled share-based payments in the year	<u>1,966,500</u>	<u>2,263,102</u>
Balance carried forward	<u>13,051,068</u>	<u>11,084,568</u>

16. Profit and loss account

	2014	2013
	£	£
Balance brought forward	6,536,561	6,191,461
Profit for the financial year	<u>1,531,087</u>	<u>345,100</u>
Balance carried forward	<u>8,067,648</u>	<u>6,536,561</u>

17. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the financial year	1,531,087	345,100
Recognition of equity-settled share-based payments in the year	<u>1,966,500</u>	<u>2,263,102</u>
Net addition to shareholders' funds	<u>3,497,587</u>	<u>2,608,202</u>
Opening shareholders' funds	<u>17,621,130</u>	<u>15,012,928</u>
Closing shareholders' funds	<u>21,118,717</u>	<u>17,621,130</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.