

PG (April) Limited

Annual Report and accounts
for the year ended 31 December 2014

Registered number: 6219737

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Strategic report

For the year ended 31 December 2014

The directors present their Annual Report on the affairs of the company, together with the accounts and auditor's report, for the year ended 31 December 2014.

Business strategy

The principal activity of the company is to hold and manage an investment in Northern Gas Networks Holdings Limited (NGNH).

Financial and operational review

As shown in the profit and loss account the company has made a profit of £28.3m (2013 - £107.3m) in the year. The balance sheet shows the company's net asset position at the year end of £354.2m (2013 - £215.5m).

On 27 June 2014 the company repaid £140.3m of listed loan notes and issued £154.3m of ordinary £1 shares at par.

Given the company is owned by Cheung Kong Infrastructure Holdings Limited the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Cheung Kong Infrastructure Holdings Limited is discussed in that company's Annual Report which does not form part of this report.

Dividends

The directors do not recommend payment of a final dividend. An interim dividend of £43.7m (2013 - £22.5m) was declared and paid in the year.

Outlook

The directors expect the company to make a profit in the forthcoming year.

Principal risks and uncertainties

The company was financed by listed loan notes, however these were repaid in June 2014 as discussed above and the company is now entirely financed by equity, removing any liquidity risk from the company. The carrying value of investments held in the balance sheet not being supported by future cash flows from subsidiaries is a risk, but not one the directors expect will realise.

Going Concern

The company's business activities, performance and position together with its principal risks and uncertainties likely to affect its future development and performance are set out above. The directors have made enquiries and reviewed the forecasts and have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

By order of the Board



M J Horsley

Director

28 April 2015

Directors' report

For the year ended 31 December 2014

Directors

The directors, who served throughout the year except as noted, were as follows:

- H L Kam
- I T Chuen
- A J Hunter
- M J Horsley

Auditor

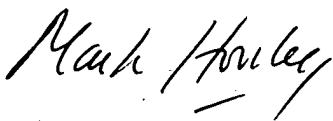
Each of the directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The directors will place a resolution before the annual general meeting to reappoint Deloitte LLP as auditor for the ensuing year.

By order of the Board,



M J Horsley

Director

28 April 2015

3 More London Riverside, London, SE1 2AQ

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, 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; and
- prepare the accounts 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 accounts 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.

Independent auditor's report

To the Members of PG (April) Limited

We have audited the accounts of PG (April) Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 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.

Independent auditor's report (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

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 accounts 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.



David Johnson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

28 April 2015

Profit and loss account

For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Administrative expenses		(56)	41
Operating (loss) profit		(56)	41
Finance income (charges) (net)	1	1,495	(14,107)
Income from associate undertaking		27,294	118,117
Profit on ordinary activities before taxation	2	28,733	104,051
Tax on profit on ordinary activities	3	(474)	3,271
Profit for the financial year	11	28,259	107,322

All results arise from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

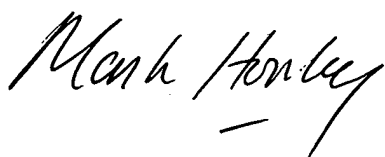
There are no recognised gains or losses in the current or prior years other than the profit for the year.

Balance sheet
31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed asset investments	5	<u>269,228</u>	<u>269,228</u>
Current assets			
Debtors	6	100,162	86,590
Cash at bank and in hand		<u>14</u>	<u>13</u>
		100,176	86,603
Creditors: Amounts falling due within one year	7	<u>(15,197)</u>	<u>(140,362)</u>
Net current assets (liabilities)		<u>84,979</u>	<u>(53,759)</u>
Net assets		<u>354,207</u>	<u>215,469</u>
Capital and reserves			
Called-up share capital	9	282,906	128,678
Profit and loss account	10	<u>71,301</u>	<u>86,791</u>
Shareholders' funds	11	<u>354,207</u>	<u>215,469</u>

The accompanying notes are an integral part of this balance sheet.

The accounts of PG (April) Limited, Registered number 6219737, were approved by the Board of Directors and authorised for issue on 28 April 2015 and signed on its behalf by:



M J Horsley

Director

28 April 2015

Statement of accounting policies

31 December 2014

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company is exempt from the requirements of FRS1 (revised) "Cash flow statements" to present a cash flow statement as it is a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited, which prepares consolidated accounts which are publicly available. The company is not required to prepare group accounts as it is a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited which prepares consolidated accounts which are publicly available.

Going concern

The company's business activities, performance and position together with its principal risks and uncertainties likely to affect its future development and performance are set out in the Strategic report. The directors have made enquiries and reviewed the forecasts and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting year and reduced by payments made in the year.

Notes to the accounts

31 December 2014

1 Finance income (charges) (net)

	2014 £'000	2013 £'000
Interest payable and similar charges		
- Listed loan notes	(6,976)	(14,386)
	<u>(6,976)</u>	<u>(14,386)</u>
Interest receivable and similar income		
- Bank deposits	1	1
- Shareholder loans	8,470	278
	<u>1,495</u>	<u>(14,107)</u>

2 Profit on ordinary activities before taxation

The directors did not receive any remuneration in relation to their services to the company during the current or prior years. The fees payable to the company's auditor for the audit of the company's annual accounts was £6,000 (2013 - £5,000). There are no employees other than the directors.

3 Tax on profit on ordinary activities

The tax charge (credit) comprises:

	2014 £'000	2013 £'000
Current tax		
UK corporation tax	309	(3,271)
Adjustments in respect of prior years	165	-
Total tax on profit on ordinary activities	<u>474</u>	<u>(3,271)</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	<u>28,733</u>	<u>104,051</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 21.5% (2013 – 23.25%)	6,178	24,192
Effects of:		
Income not taxable	(5,869)	(27,463)
Adjustments in respect of prior years	165	-
Current tax charge (credit) for the year	<u>474</u>	<u>(3,271)</u>

The company earns its profits in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 21.5% (2013 – 23.25%).

Notes to the accounts (continued)

3 Tax on profit on ordinary activities (continued)

A deferred tax asset amounting to £nil (2013 - £1,000) for tax losses has not been recognised because in the opinion of the directors there will be no suitable taxable profits available in the foreseeable future.

4 Dividends on equity shares

	2014 £'000	2013 £'000
Equity shares		
Interim dividend of 15.5p (2013 – 17.4p) per ordinary share	<u>43,749</u>	<u>22,454</u>

5 Fixed asset investments

	2014 £'000	2013 £'000
Associate (cost and net book value)	<u>269,228</u>	<u>269,228</u>

The associate represents a 47.1% holding in the ordinary share capital of NGNH, which holds a group whose principal activity is the distribution of gas through the North of England network, and is incorporated and registered in England and Wales.

6 Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Amounts owed by associate undertakings	-	1,881
Amounts owed by group undertakings	<u>15,456</u>	<u>3</u>
	<u>15,456</u>	<u>1,884</u>
Amounts falling due after more than one year:		
Amounts owed by associate undertakings	<u>84,706</u>	<u>84,706</u>
	<u>84,706</u>	<u>84,706</u>
	<u>100,162</u>	<u>86,590</u>

Amounts owed by associate undertakings that are due after more than one year comprise shareholder loans held by NGNH, bearing fixed interest of 10.0% paid annually and are repayable on 20 December 2033.

Notes to the accounts (continued)

7 Creditors: Amounts falling due within one year

	2014 £'000	2013 £'000
Accruals and deferred income	32	8
Listed loan notes	-	140,354
Amounts owed to group undertakings	15,165	-
	<u>15,197</u>	<u>140,362</u>

8 Derivatives and other financial instruments

The strategic report provides an explanation of the role that financial instruments have had during the year in creating or changing the risks the company faces in its activities.

The numerical disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 "Derivatives and other financial instruments: Disclosures" (FRS 13). Certain financial assets such as investments in subsidiary undertakings are excluded from the scope of these disclosures.

As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures. The directors believe that the fair values are not materially different from the balance sheet values for the current and prior years.

Interest rate profile

The company has no financial assets other than shareholder loans as detailed below and sterling cash deposits of £14,000 (2013 - £13,000) which are part of the financing arrangements of the company. The sterling cash deposits comprise monies held in bank accounts.

The interest rate profile of the company's financial assets and liabilities at 31 December was as follows:

	Fixed rate 2014 £'000	Fixed rate 2013 £'000	Weighted average interest rate 2014 %	Weighted average interest rate 2013 %	Weighted average period for which rate is fixed 2014 Years	Weighted average period for which rate is fixed 2013 Years
Liabilities						
Listed loan notes	-	140,354	-	10.25	-	0.5

Notes to the accounts (continued)

8 Derivatives and other financial instruments (continued)

	Fixed rate 2014 £'000	Fixed rate 2013 £'000	Weighted average interest rate 2014 %	Weighted average interest rate 2013 %	Weighted average period for which rate is fixed 2014 Years	Weighted average period for which rate is fixed 2013 Years
Assets						
Shareholder loans	84,706	84,706	10.00	10.00	19.0	20.0

Maturity of financial assets and liabilities

The maturity profile of the company's financial liabilities at 31 December was as follows:

	2014 £'000 Assets	2014 £'000 Liabilities	2013 £'000 Assets	2013 £'000 Liabilities
In less than one year	-	-	-	140,354
In more than five years	84,706	-	84,706	-
	<u>84,706</u>	<u>-</u>	<u>84,706</u>	<u>140,354</u>

Borrowing facilities

The company had no undrawn committed borrowing facilities at either the current or prior year end.

Fair values

The directors believe that the fair values of all financial instruments are not materially different from the balance sheet values.

Notes to the accounts (continued)

9 Called-up share capital

2014 £'000	2013 £'000
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Allotted, called-up and fully paid

282,906,291 (2013 – 128,678,394) ordinary shares of £1 each

<u>282,906</u>	<u>128,678</u>
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On 27 June 2014 154,227,897 ordinary shares of £1 were issued at par.

10 Reserves

Profit and loss account £'000

At 1 January 2014

86,791

Profit for the financial year

28,259

Dividends declared on equity shares

(43,749)

At 31 December 2014

71,301

Notes to the accounts (continued)

11 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	28,259	107,322
Dividends declared on equity shares	(43,749)	(22,454)
Issue of new share capital	154,228	-
Net movement in shareholders' funds	138,738	84,868
Opening shareholders' funds	215,469	130,601
Closing shareholders' funds	354,207	215,469

12 Related party transactions

As a subsidiary undertaking of Cheung Kong Infrastructure Holdings Limited, the company has taken advantage of the exemption in FRS8 "Related party disclosures" from disclosing transactions with other members of the group headed by Cheung Kong Infrastructure Holdings Limited.

The company received dividend income of £27.3m (2013 – 118.1m) from NGNH.

13 Ultimate controlling party

CKI Gas Infrastructure Limited (formerly PG (April) (Number 2) limited) was the immediate parent company at the balance sheet date.

Hutchison Whampoa Limited is the ultimate parent company and the largest group of which the company is a member and for which group accounts are drawn up. Cheung Kong Infrastructure Holdings Limited is an intermediate parent company and the smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from the registered address of this company as shown in the Directors' report.