Registered number: 3600545

WPD MIDLANDS PROPERTIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2016

WESTERN POWER DISTRIBUTION

Serving the Midlands, South West and Wales

Contents

Directors' report

For the year ended 31 March 2016

The directors present their annual report and the audited financial statements of WPD Midlands Properties Limited (the 'Company'), company registered number 3600545, for the year ended 31 March 2016.

During the year the Company transitioned from previously extant UK Generally Accepted Accounting Practice to FRS 101 - Reduced Disclosure Framework ('FRS 101') and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, WPD Distribution Network Holdings Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. Details of adjustments arising on transition to FRS 101 are set out in Note 14.

The Company has taken the small company exemption available in s.417 of the Companies Act 2006 and is therefore not required to prepare a business review in accordance with s.415 of the Companies Act 2006.

Ownership

The Company is an indirect wholly-owned subsidiary of Western Power Distribution plc, which is owned by PPL Corporation, an electricity utility holding company of Allentown, Pennsylvania, USA. PPL Corporation trades in the United Kingdom as Western Power Distribution plc ('WPD' and 'Group').

Principal activities and business review

The Company's principal activity is management of property used by other companies within the Group and by external tenants.

Results and dividends

The profit for the year, following the transition to FRS 101, was £2.1m (2015: £3.1m). No dividends were paid by the Company (2015: nil).

Directors and their interests

The directors who served during the year and up to the date of signing the financial statements were:

R A Symons
D C S Oosthuizen
I R Williams
D A Withers (appointed 14 January 2016)

During and at the end of the financial period, no director was materially interested in any contract of significance in relation to the Company's business. Insurance in respect of the current directors and officers is maintained by WPD's parent, PPL Corporation. The insurance is subject to the conditions set out in the Companies Act 2006 and remains in force at the date of signing the Directors' report.

Investment property

Investment properties are properties not used by the Company and properties leased to other Group companies. There has been no movement in the valuation of investment properties in the year.

Key investment properties within the portfolio have been valued by suitably qualified external valuers in accordance with valuation guidelines produced by the Royal Institution of Chartered Surveyors. The remainder of the portfolio is assessed each year by a qualified valuer employed by the Group, based upon trends identified in the external valuations and market developments observed.

Independent auditors

The Company's ultimate parent undertaking, PPL Corporation, has adopted a policy of tendering for its world-wide audit services at least every ten years. This is to ensure that best practice is followed in relation to corporate governance and that fees are competitive. Following a tender exercise, PPL Corporation has selected Deloitte LLP to replace Ernst and Young LLP during 2016 for their various world-wide audits. Following approval of these financial statements, Ernst and Young LLP will therefore resign as auditor to the Company and the directors will appoint Deloitte LLP to fill the casual vacancy.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By Order of the Board

DCS Oosthuizen
Director

14 October 2016

WPD Midlands Properties Limited
Avonbank
Feeder Road
Bristol BS2 0TB

Statement of directors' responsibilities

The directors are responsible for preparing the 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 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 confirm that the financial statements have complied with the above requirements.

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.

Independent auditor's report
to the members of WPD Midlands Properties Limited

We have audited the financial statements of WPD Midlands Properties Limited for the year ended 31 March 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, and the related Notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditors
As explained more fully in the Statement of directors' responsibilities set out on page 3, 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
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. In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially incorrect 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 financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in 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 WPD Midlands Properties 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; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing the Strategic report and take advantage of the small companies exemption in preparing the Directors' report.

Ernst Young LLP

Andrew Merrick, Senior Statutory Auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

17 October 2016

Profit and loss account

For the year ended 31 March 2016

	Note	2016 £m	2015 £m
Turnover		**2.7**	3.0
Operating expenses		**(0.1)**	-
Operating profit and profit on ordinary activities before tax	4	**2.6**	3.0
Tax on profit on ordinary activities	6	**(0.5)**	0.1
Profit for the financial year		**2.1**	3.1

The comparative results have been restated following the adoption of FRS101 as set out in Note 14.

All operations are continuing.

There is no comprehensive income/(loss) other than that included in the profit above.

The accompanying notes are an integral part of these financial statements.

Balance sheet
31 March 2016

	Note	2016 £m	2015 £m
Fixed assets			
Investment property	7	**31.9**	30.0
Current assets			
Debtors	8	**5.0**	4.4
Cash at bank		**0.4**	0.4
		5.4	4.8
Creditors			
Amounts falling due within one year	9	**(1.2)**	(0.8)
Net current assets		**4.2**	4.0
Total assets less current liabilities		**36.1**	34.0
Net assets		**36.1**	34.0
Capital and reserves			
Called-up share capital	11	**10.0**	10.0
Share premium account	11	**69.6**	69.6
Profit and loss account	12	**(43.5)**	(45.6)
Total shareholders' funds		**36.1**	34.0

The comparative balance sheet has been restated following the adoption of FRS101 as set out in Note 14.

The accompanying notes are an integral part of these financial statements.

The financial statements, prepared in accordance with the provisions applicable to entities subject to the small entities regime, on pages 6 to 20 were approved and authorised for issue by the board of directors on 14 October 2016 and were signed on its behalf by:

DCS Oosthuizen
Director

Statement of changes in equity
For the year ended 31 March 2016

	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total £m
At 1 April 2014	**10.0**	**69.6**	**(48.7)**	**30.9**
Profit for the financial year	-	-	3.1	3.1
Total comprehensive income for the year	**-**	**-**	**3.1**	**3.1**
At 31 March 2015	**10.0**	**69.6**	**(45.6)**	**34.0**
Profit for the financial year	-	-	2.1	2.1
Total comprehensive income for the year	**-**	**-**	**2.1**	**2.1**
At 31 March 2016	**10.0**	**69.6**	**(43.5)**	**36.1**

Notes to the financial statements

For the year ended 31 March 2016

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of WPD Midlands Properties Limited (the 'Company') for the year ended 31 March 2016 were authorised for issue by the board of directors on 14 October 2016 and the balance sheet was signed on the board's behalf by D C S Oosthuizen. WPD Midlands Properties Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand pounds except when otherwise indicated.

2. Significant accounting policies

Basis of preparation

The Company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice for all years presented. Transition tables showing all material adjustments are disclosed in Note 14.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets, fair value, and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Western Power Distribution plc. The group accounts of Western Power Distribution plc are available to the public and can be obtained as set out in Note 15.

The financial statements have been prepared on the historical cost basis, except for the revaluation of property that is measured at fair value at the end of the reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Going concern

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Turnover

Turnover, which excludes value added tax, represents the value of rents receivable for property owned. The Company's property is located in the United Kingdom.

Leases

Leases would be classified as finance leases if the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2. Significant accounting policies (continued)

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the income statement in the year of derecognition.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial assets

Financial assets are classified as loans and receivables, financial assets at fair value through profit or loss, held-to-maturity financial assets or as available-for-sale financial assets, as appropriate. The Company's financial assets include trade and other receivables. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value plus directly attributable transaction costs.

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes trade and other receivables.

Impairment of loans and receivables

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognised in the profit and loss account.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost, as appropriate. The Company's financial liabilities include trade and other payables and accruals. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. This category of financial liabilities includes trade and other payables.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There were no critical accounting judgements. The key source of estimation uncertainty is:

Revaluation of investment property

The Company carries its investment properties at fair value, with changes in fair value being recognised in the profit and loss account. The Company engaged independent valuation specialists (both external and internal) to determine fair value as at 31 March 2016. The valuer used a valuation technique based on a discounted cash flow model due to a lack of observable market data because of the nature of the property.

The fair value of investment properties is most sensitive to the assumptions concerning discount rate and the long term vacancy rate. The key assumptions used to determine the fair value of the investment property are further explained in Note 7.

4. Operating profit

Operating expenses include a management charge from an affiliate. This includes an audit fee of £1,938 (2015: £1,845).

5. Directors' emoluments

The directors did not receive remuneration in either the current or prior year for their services as directors of the Company as these are incidental to their roles elsewhere in the Group. The Company pays management charges which include directors emoluments. It is deemed impractical to identify the proportion of emoluments allocated to the Company as part of these management fees. The Company did not employ any staff in the current or prior year.

Notes to the financial statements
For the year ended 31 March 2016

6. Tax on profit on ordinary activities

(a) Tax charged in the profit and loss account:	**2016 £m**	2015 £m
Current tax:		
UK corporation tax on profit for the year	**0.4**	-
Total current tax	**0.4**	-
Deferred tax:		
Origination and reversal of temporary differences	**0.1**	-
Adjustment in respect of prior years	**-**	(0.1)
Total deferred tax charge/(credit)	**0.1**	(0.1)
Tax charge/(credit) on profit on ordinary activities	**0.5**	(0.1)

(b) Reconciliation of the total tax charge

The total tax assessed for the year is different to the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £m	2015 £m
Profit on ordinary activities before tax	**2.6**	**3.0**
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	**0.5**	0.6
Effects of:		
Group relief surrendered at non-standard rate	**-**	(0.6)
Adjustment in respect of prior years	**-**	(0.1)
Total tax charge/(credit) for the year	**0.5**	(0.1)

(c) Factors that will affect future tax charges:

The Finance (No 2) Act 2015 reduced the standard rate of corporation tax from 20% to 19% with effect from 1 April 2017 and then to 18% with effect from 1 April 2020. These changes have been enacted and the impact included in these financial statements. Subsequent to the year end legislation has been enacted in the Finance Act 2016 to reduce the rate further to 17%, effective 1 April 2020 (superseding the 18% rate). The impact has not been included in these financial statements.

7. Investment property

	£m
Cost or valuation	
At 1 April 2015	30.0
Additions	1.9
At 31 March 2016	**31.9**

The fair values of investment property, occupied by fellow Group companies and external tenants, which comprise office space, storage facilities and depots, are based predominantly on valuations by external valuers; DTZ Debenham Tie Leung Limited and Jones Lang LaSalle Limited, with the remaining valuations carried out by a qualified surveyor who is a director of the Company (the 'internal valuer').

Where external valuations have not been obtained at the year end date, but have been obtained in prior years, these valuations have been updated by the internal valuer using appropriate indices. Additions in the year have been valued at cost. The properties have been valued on an open market basis in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The rental received from these assets is considered to be an arm's length rental and as such their current use is considered to be their highest and best use.

All of these valuations, which fall within Level 3 of the fair value hierarchy, are derived using the income capitalisation methodology whereby rents receivable are divided by an appropriate yield, taking into account the existing tenancies. The valuation assumes that all intra group tenancy agreements will be renewed at the end of the current lease term.

Current rent receivable ranges from £1 to £3.5 per square metre per annum and in total in the year to 31 March 2016 amounted to £2,747,000 (2015: £2,983,000). The key assumptions relate to yield which range from 8% to 9%. Broadly a 0.5% increase/decrease in an assumed yield of 8.5% would result in a 17% decrease/increase in the value of a property.

8. Debtors

	2016	2015
	£m	£m
Amounts falling due within one year:		
Trade debtors	**0.1**	0.2
Amounts owed by Group undertakings	**4.8**	3.4
Group relief receivable	**-**	0.6
Deferred tax (see Note 10)	**0.1**	0.2
	5.0	4.4

Amounts owed by Group undertakings are unsecured and are repayable on demand.

Notes to the financial statements
For the year ended 31 March 2016

9. Creditors

	2016 £m	2015 £m
Amounts falling due within one year:		
Trade creditors	**0.6**	0.2
Amounts owed to Group undertakings	**-**	0.5
Accruals and deferred income	**0.2**	0.1
Group relief payable	**0.4**	-
	1.2	0.8

Amounts owed to Group undertakings are unsecured and are repayable on demand.

10. Deferred tax asset

	Investment property £m
At 1 April 2014	0.1
Credit to Profit and loss	0.1
At 31 March 2015	0.2
Charge to Profit and loss	(0.1)
At 31 March 2016	**0.1**

11. Authorised and issued share capital

	2016 £m	2015 £m
Authorised:		
20,000,000 (2015: 20,000,000) ordinary shares of £1 each	**20.0**	20.0
Allotted, called-up and fully paid:		
10,000,002 (2015: 10,000,002) ordinary shares of £1 each	**10.0**	10.0

The shares entitle the holders thereof to one vote per share held. Each share ranks equally for any dividend declared and any distribution made on a winding up. The shares are not redeemable.

The shares were issued at a premium of £69.6m.

Notes to the financial statements
For the year ended 31 March 2016

12. Profit and loss account

	2016 £m	2015 £m
At 1 April	**(45.6)**	(48.7)
Profit for the financial year	**2.1**	3.1
At 31 March	**(43.5)**	(45.6)

13. Operating lease arrangements

The Company has entered into commercial property leases on its investment property portfolio. The leases have various terms, escalation clauses and renewable rights. The leases include a clause to enable upward revision of rental charge on a review cycle set on lease inception according to prevailing market conditions.

At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments which all relate to properties leased to third parties external to the WPD Group:

	2016 £m	2015 £m
Within one year	**0.3**	0.7
In the second to fifth years inclusive	**0.5**	1.1
	0.8	1.8

14. Transition to FRS101

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared financial statements which comply with FRS101 applicable for periods beginning on or after 1 April 2015 and the significant policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 April 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 April 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 March 2015.

Reconciliation of the profit and loss account under UK GAAP to the income statement under FRS 101 for the year ended 31 March 2015

	UK GAAP £m	Investment Property IAS 40 (i) £m	Income taxes IAS 12 (ii) £m	FRS 101 £m
Turnover	**3.0**	-	-	**3.0**
Operating expenses	**(0.4)**	0.4	-	-
Other operating expenses - increase in fair value of investment property	-	-	-	-
Profit on ordinary activities before tax	**2.6**	0.4	-	**3.0**
Tax on profit on ordinary activities	**(0.1)**	-	0.2	**0.1**
Profit for the financial year	**2.5**	0.4	0.2	**3.1**

14. Transition to FRS101 (continued)

Reconciliation of the balance sheet under UK GAAP to FRS 101 as at 1 April 2014 (date of transition to FRS 101)

	UK GAAP £m	Investment Property IAS 40 (i) £m	Income taxes IAS 12 (ii) £m	FRS 101 £m
Fixed assets				
Tangible assets	28.0	(28.0)	-	-
Investment property	1.1	27.4	-	28.5
	29.1	(0.6)	-	28.5
Current assets				
Debtors	3.9	-	0.1	4.0
Cash at bank	-	-	-	-
	3.9	-	0.1	4.0
Creditors				
Amounts falling due within one year	(1.6)	-	-	(1.6)
Net current assets	2.3	-	0.1	2.4
Total assets less current liabilities	31.4	(0.6)	0.1	30.9
Provisions for liabilities				
Deferred tax	-	-	-	-
Net assets	31.4	(0.6)	0.1	30.9
Capital and reserves				
Called-up share capital	10.0	-	-	10.0
Share premium account	69.6	-	-	69.6
Profit and loss account	(48.2)	(0.6)	0.1	(48.7)
Total shareholders' funds	31.4	(0.6)	0.1	30.9

Notes to the financial statements
For the year ended 31 March 2016

14. Transition to FRS101 (continued)

Reconciliation of the balance sheet under UK GAAP to FRS 101 as at 31 March 2015

	UK GAAP £m	Investment Property IAS 40 (i) £m	Income taxes IAS 12 (ii) £m	FRS 101 £m
Fixed assets				
Tangible assets	**30.2**	(30.2)	-	-
Investment property	-	30.0	-	**30.0**
	30.2	(0.2)	-	**30.0**
Current assets				
Debtors	**4.2**	-	0.2	**4.4**
Cash at bank	**0.4**	-	-	**0.4**
	4.6	-	0.2	**4.8**
Creditors				
Amounts falling due within one year	**(0.8)**	-	-	**(0.8)**
Net current assets	**3.8**	-	0.2	**4.0**
Total assets less current liabilities	**34.0**	(0.2)	0.2	**34.0**
Provisions for liabilities				
Deferred tax	**(0.1)**	-	0.1	-
Net assets	**33.9**	(0.2)	0.3	**34.0**
Capital and reserves				
Called-up share capital	**10.0**	-	-	**10.0**
Share premium account	**69.6**	-	-	**69.6**
Profit and loss account	**(45.7)**	(0.2)	0.3	**(45.6)**
Total shareholders' funds	**33.9**	(0.2)	0.3	**34.0**

14. Transition to FRS101 (continued)

Notes to IFRS remeasurements

(i) Classification of properties leased internally within the Group
IAS 40 classifies property leased to, and occupied by, a Company's parent or another group subsidiary as investment property, whereas under UK GAAP the SSAP19 definition of investment property excluded property occupied by members of the same Group. At the date of transition to IFRS property leased to other companies within the Group has been reclassified as investment property. Depreciation charged on these properties has been reversed, and the property restated at fair value with movements in value taken to the profit and loss reserve.

At the transitional date the value of property leased internally was restated at a fair value of £27.4m, a decrease of £0.6m on the prior book value; this includes a reversal of depreciation charges of £0.8m. 31 March 2015 balances were restated using the property fair value which decreased the stated value by £0.2m from £30.2m to £30.0m; this includes £1.2m reversal of depreciation charges.

(ii) Deferred tax
Under UK GAAP deferred tax was provided on timing differences which included tax deductions for the cost of a fixed asset before the cost of the fixed asset is recognised in the Profit and loss account ('accelerated capital allowances' or 'ACAs'). The reversal of ACAs occurred as the asset was consumed through use. Properties leased internally within the Group were specifically excluded from the definition of investment properties under UK GAAP and therefore deferred tax was recognised for ACAs for such properties in accordance with their accounting treatment as depreciable tangible fixed assets. Deferred tax was recognised in respect of investment properties on a similar basis, except that no deferred tax was recognised in respect of the unrealised surplus or deficit on the revaluation of such properties unless there was a binding commitment to sell the properties at the balance sheet date.

IAS 12 'Income Taxes' states that deferred tax must be provided on all temporary differences between the carrying value of assets and their tax base costs. As a result, temporary differences include the unrealised surpluses and deficits on the revaluation of investment properties and gains previously rolled over into other assets, net of the value of capital losses. Where the resulting net deferred tax balance is an asset, the asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. As movements in the fair value of investment properties are required to be recognised in the Profit and loss account, the related deferred tax charges are also so recognised.

Under IAS 12 deferred tax should be measured by reference to the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of the asset or liability to which it relates. For investment properties accounted for under IAS 40 at fair value, which includes properties leased internally within the Group as discussed above, IAS 12 requires any deferred tax asset or liability associated with such a property to be measured using a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Therefore on transition to IFRS, the deferred tax on ACAs has been supplemented with deferred tax recorded on a capital gains tax sale basis.

14. Transition to FRS101 (continued)

(ii) Deferred tax (continued)

As a result of the combination of the above, balance sheet adjustments have been made to record a deferred tax asset of £0.1m at 1 April 2014 and to replace the deferred tax liability of £0.1m at 31 March 2015 with a deferred tax asset of £0.2m, giving rise to an adjustment of £0.2m in the profit and loss account for the year end 31 March 2015. Deferred tax calculated on the presumption of recovery through sale amounts to net assets of £0.3m, £0.2m and £0.1m at 1 April 2014, 31 March 2015 and 31 March 2016 respectively. The net deferred tax assets comprise of adjustments arising on disposal to the tax deductions received in respect of the costs of the assets and net capital gains or losses. Where there are net capital losses, deferred tax assets have not been recognised as in the opinion of the Directors it is not probable that suitable taxable gains will be generated in future periods against which the underlying capital losses could be offset. Consequently a deferred tax asset of £0.2m at 1 April 2014 has not been recognised in respect of net capital losses.

15. Ultimate parent undertaking

The immediate parent undertaking of WPD Midlands Properties Limited at the year end date was WPD Distribution Network Holdings Limited, which is registered in England and Wales.

The smallest group in which the results of the Company are consolidated is that headed by Western Power Distribution plc. Copies of these accounts may be obtained from the Company's registered office as stated below.

The largest group in which the results of the Company are consolidated is that headed by PPL Corporation, which is the ultimate parent undertaking. Copies of their accounts may be obtained from Two North Ninth Street, Allentown, Pennsylvania, PA18101-1179, US.

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