

WPD PROPERTY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2012

WPD Property Limited is an integral part of a larger UK group. The structure of the group is such that the financial statements of WPD Property Limited must be read in conjunction with the group financial statements of PPL WW Holdings Limited to gain a full understanding of the group results for the year and the related cash flows, together with the financial position of the group as at 31 March.



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Directors' report

For the year ended 31 March 2012

The directors present their annual report and the audited financial statements of WPD Property Limited (the "Company"), company number 4081168, for the year ended 31 March 2012

Ownership

The Company is an indirect wholly-owned subsidiary of PPL WW Holdings Limited (the "Group") which is owned indirectly by PPL Corporation, an electricity utility of Allentown, Pennsylvania, United States of America ("US")

Principal activity and business review

The principal activity of the Company is property investment. The Company owns one freehold property in the United Kingdom. This activity will continue.

The Company will continue to seek maximum return from its property asset. If vacant or under-utilised, the property will be brought to the market and let, or will be sold.

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.

Profit and dividend

The profit for the year after tax amounted to £139,000 (2011: £130,000). No dividends were paid in the year (2011: £nil).

Fixed assets

Investment properties are properties not used by the Group. The property has been valued in accordance with valuation guidelines produced by the Royal Institution of Chartered Surveyors.

Directors

The directors who served during the year were -

| | |
|------------------|-------------------|
| | <u>Appointed</u> |
| D C S Oosthuizen | 26 September 2000 |
| D A Withers | 26 September 2000 |

There were no significant contracts existing during or at the end of the year with the Company in which any director is or was materially interested.

Insurance in respect of directors and officers is maintained by the Group parent, PPL Corporation. The insurance is subject to the conditions set out in the companies acts and remains in force at the date of signing the Directors' report.

Disclosure of information to 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.

Directors' report (continued)

For the year ended 31 March 2012

Auditors

Elective resolutions to dispense with the holding of annual general meetings, the laying of financial statements before the Company and the appointment of auditors annually are currently in force. The auditors, Ernst & Young LLP, will therefore be deemed to have been reappointed at the end of 28 days beginning with the day on which copies of this report and financial statements are sent to the member

By Order of the Board



D C S Oosthuizen
Director

21 September 2012

WPD Property Limited

Avonbank
Feeder Road
Bristol
BS2 0TB

Statement of director's responsibilities

The directors are responsible for preparing the Directors' report and 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). The financial statements are required by law to 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 those 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 UK applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper 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 auditors' report to the member of WPD Property Limited

We have audited the financial statements of WPD Property Limited (the "Company") for the year ended 31 March 2012 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 14. 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 member, 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 member those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member 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 directors report to identify material inconsistencies with the audited financial statements. 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 2012 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

Opinion on other matter prescribed by the Companies Act 2006

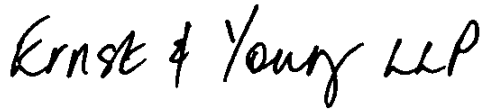
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the member of WPD Property 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 exception in preparing the Directors' report



Christabel Cowling (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor,
Bristol

24 September 2012

Profit and loss account

For the year ended 31 March 2012

| | Note | 2012 £'000 | 2011 £'000 |
|---|-------|---------------|---------------|
| Turnover | 1 | 220 | 198 |
| Operating costs | | (62) | (43) |
| Operating profit | 2 | 158 | 155 |
| Interest receivable | 4 | 27 | 22 |
| Profit on ordinary activities before tax | | 185 | 177 |
| Tax on profit on ordinary activities | 5 | (46) | (47) |
| Profit for the financial year | 11,12 | 139 | 130 |

All operations are continuing

The accompanying notes are an integral part of these financial statements

There is no difference between the profit on ordinary activities before tax and the profit for the financial year stated above, and their historical cost equivalents

Statement of total recognised gains and losses

For the year ended 31 March 2012

| | Note | 2012 £'000 | 2011 £'000 |
|---|------|---------------|---------------|
| Profit for the financial year | | 139 | 130 |
| Unrealised loss on revaluation of investment property | | - | (30) |
| Total gains recognised in the year | 12 | 139 | 100 |

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

Balance sheet

31 March 2012

| | Note | 2012 £'000 | 2011 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Investment property | 6 | 2,850 | 2,850 |
| Current assets | | | |
| Debtors amounts falling due within one year | 7 | 1,191 | 1,064 |
| Creditors: amounts falling due within one year | 8 | (227) | (237) |
| Net current assets | | 964 | 827 |
| Total assets less current liabilities | | 3,814 | 3,677 |
| Provision for liabilities and charges | 9 | (29) | (31) |
| Net assets | | 3,785 | 3,646 |
| Capital and reserves | | | |
| Called up share capital | 10 | 2,033 | 2,033 |
| Profit and loss account | 11 | 1,460 | 1,321 |
| Revaluation reserve | 11 | 292 | 292 |
| Equity shareholder's funds | 12 | 3,785 | 3,646 |

The accompanying notes are an integral part of these financial statements

The financial statements on pages 6 to 14 were approved by the Board of Directors on 21 September 2012 and were signed on its behalf by



D C S Oosthuizen
Director

Notes to the financial statements

For the year ended 31 March 2012

1 Accounting policies

The principal accounting policies are summarised below

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards. They are prepared under United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). Accounting policies have been applied consistently throughout the year and the preceding year except where changes have been made to previous policies on adoption of new accounting standards (if any).

Changes in accounting policies

There were no changes in accounting standards which had an impact on the Company during the year.

Going concern

The directors have prepared the financial statements on the 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.

Investment properties

The Company's property is an investment property as it is rented to third parties outside the Group and is included in the balance sheet at its open market value. The property is revalued periodically, with any surplus or deficit transferred to an investment revaluation reserve, with the exception of a deficit (or its reversal) which is expected to be permanent, in which case it is charged (or credited) to the profit and loss account. Expenditure that enhances the value of the property is charged to the balance sheet.

In accordance with Statement of Standard Accounting Practice No 19 'Accounting for Investment Properties', no depreciation is provided in respect of freehold investment properties. This is a departure from the Companies Act 2006, which requires all properties to be depreciated. Such properties are not held for use by the Group but for investment, and directors consider that to depreciate them would not give a true and fair view. The impact of not depreciating the properties is set out in Note 6. The directors consider that this accounting policy is necessary to provide a true and fair view.

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. It is not discounted. 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 years different from those in which they are recognised in the financial statements.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Notes to the financial statements

For the year ended 31 March 2012

1 Accounting policies (continued)

Leases

Rentals for operating leases are charged to the profit and loss account in equal amounts over the period of the lease

Cash flow statement

There is no statement of cash flows as the Company is an indirect, wholly-owned subsidiary of Western Power Distribution Holdings Limited, which is registered in England and Wales and which includes a consolidated cash flow statement in its financial statements. This treatment is permitted by Financial Reporting Standard ("FRS") 1 (Revised 1996)

2 Operating profit

Operating expenses are primarily a management charge from an affiliate. This includes an audit fee of £1,572 (2011 £1,526)

3 Employees and directors

No emoluments were paid to directors by the Company in either year. Emoluments of directors were paid by other Group companies in respect of their services to those other Group companies and their duties as directors to the Company were incidental to their other services to the Group. Details are given in the financial statements of PPL WW Holdings Limited. The Company had no employees during either financial year.

4 Interest receivable

| | 2012 £'000 | 2011 £'000 |
|--------------------------------|---------------|---------------|
| Interest receivable | | |
| On loans to Group undertakings | 27 | 22 |
| | 27 | 22 |

Notes to the financial statements

For the year ended 31 March 2012

5 Tax on profit on ordinary activities

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| (a) Analysis of charge in the year | | |
| Current tax | | |
| UK corporation tax on profits for the year | 48 | 48 |
| Total current tax (Note 5(b)) | 48 | 48 |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 1 |
| Impact of change in corporation tax rate | (2) | (2) |
| Total deferred tax (Note 9) | (2) | (1) |
| Tax on profit on ordinary activities | 46 | 47 |

(b) Factors affecting current tax charge for the year

The tax assessed is different from the standard rate of corporation tax in the UK of 26% (2011 28%) The differences are explained below

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 185 | 177 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 28%) | 48 | 49 |
| Effects of | | |
| Capital allowances in excess of depreciation | - | (1) |
| Current tax charge for the year (Note 5(a)) | 48 | 48 |

c) Factor which will effect future tax charges

The standard rate of corporation tax is 24% with effect from 1 April 2012 following substantive enactment on 26 March 2012 The two further annual 1% rate reductions announced by the Chancellor on 21 March 2012 have not been substantively enacted at the balance sheet date and therefore are not included in these financial statements

Notes to the financial statements

For the year ended 31 March 2012

6 Investment property

£'000

Valuation

At 1 April 2011 and 31 March 2012

2,850

The property held by the Company is freehold

The investment property was valued externally on an open market existing use basis at 31 March 2009. This valuation was reviewed at 31 March 2012 by a qualified surveyor who is an employee of the Group.

If the property had not been classified as an investment property, it would have been included at the following amounts

| | 2012 £'000 | 2011 £'000 |
|------------------------------|---------------|---------------|
| Cost | | |
| At 1 April and 31 March 2012 | 2,558 | 2,558 |
| Depreciation | | |
| At 1 April | 169 | 140 |
| Charge for the year | 29 | 29 |
| At 31 March | 198 | 169 |
| Net value at 31 March | 2,360 | 2,389 |

7 Debtors - amounts falling due within one year

| | 2012 £'000 | 2011 £'000 |
|------------------------------------|---------------|---------------|
| Trade debtors | 13 | - |
| Amounts owed by Group undertakings | 1,160 | 1,029 |
| Prepayments and accrued income | 18 | 35 |
| | 1,191 | 1,064 |

The amounts owed by Group undertakings are unsecured and repayable on demand

Notes to the financial statements

For the year ended 31 March 2012

8 Creditors - amounts falling due within one year

| | 2012 £'000 | 2011 £'000 |
|------------------------------|---------------|---------------|
| Accruals and deferred income | - | 52 |
| Group tax relief payable | 213 | 165 |
| Other creditors | 14 | 20 |
| | 227 | 237 |

9 Provision for liabilities and charges

Deferred tax provided in respect of accelerated capital allowances is as follows

| | £'000 |
|-----------------------------------|-----------|
| At 1 April 2011 | 31 |
| Released during the year (Note 5) | (2) |
| At 31 March 2012 | 29 |

10 Called up share capital

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Allotted, called up and fully paid | | |
| 2,033,405 ordinary shares of £1 each | 2,033 | 2,033 |

11 Reserves

| | Investment Property Revaluation Reserve £'000 | Profit & Loss account £'000 | Total £'000 |
|---------------------------------|---|-----------------------------------|------------------------|
| Balance at 1 April 2011 | 292 | 1,321 | 1,613 |
| Profit for the financial year | - | 139 | 139 |
| Balance at 31 March 2012 | 292 | 1,460 | 1,752 |

Notes to the financial statements

For the year ended 31 March 2012

12 Reconciliation of movements in equity shareholder's funds

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Profit for the financial year | 139 | 130 |
| Investment property revaluation deficit for the year | - | (30) |
| Net increase to equity shareholder's funds | 139 | 100 |
| Opening equity shareholder's funds | 3,646 | 3,546 |
| Closing equity shareholder's funds | 3,785 | 3,646 |

13 Related party transactions

The Company, a wholly owned subsidiary undertaking, has taken the exemption available from related party disclosure requirements of FRS 8 as the financial statements of the parent company are available to the public (see Note 14)

14 Ultimate parent undertaking

The immediate parent undertaking of the Company is Western Power Distribution LLP, which is registered in England and Wales

The smallest group in which the results of WPD Property Limited are consolidated is that headed by PPL WW Holdings Limited, which is registered in England and Wales. Copies of their accounts may be obtained from the Company's registered office as stated below. The largest group in which the results of WPD Property Limited are consolidated is that headed by PPL Corporation, details of which are set out below.

The ultimate parent undertaking is PPL Corporation, which is registered in the United States of America. Copies of the accounts of PPL Corporation may be obtained from Two North Ninth Street, Allentown, Pennsylvania, PA 18101-1179, US.

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Bristol BS2 0TB

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