

WPD PROPERTY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

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 2014

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 2014.

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 within the PPL WW Holdings Limited group (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 investment 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.

During the year, the value of the property was written down by £0.9m. This reflects the fact that the building is not fully let and existing tenant leases expire in 2014.

Profit and dividend

The loss for the year after tax amounted to £743,000 (2013: loss of £525,000). No dividends were paid in the year (2013: £nil).

During the year the Company received a capital contribution of £260,000 from PPL WW Holdings Limited in the form of the receivable balance associated with the Company's outstanding group tax relief liability of the same amount.

Fixed assets

The investment property is a property 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:-

D C S Oosthuizen

D A Withers

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's ultimate 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.

Directors' report (continued)

For the year ended 31 March 2014

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 the fellow director 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.

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

16 September 2014

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 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 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 the financial statements comply 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 member of WPD Property Limited

We have audited the financial statements of WPD Property Limited for the year ended 31 March 2014 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet 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 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 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 2014 and of its loss 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 auditor's 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 exemption in not preparing the Strategic report and take advantage of the small companies exemption in preparing the Directors' report.



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

16 September 2014

Profit and loss account

For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Turnover	1	241	243
Operating costs		(990)	(783)
Operating loss	2	(749)	(540)
Interest receivable	4	7	32
Loss on ordinary activities before tax		(742)	(508)
Tax on loss on ordinary activities	5	(1)	(17)
Loss for the financial year	10,11	(743)	(525)

All operations are continuing.

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

Statement of total recognised gains and losses

For the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Loss for the financial year		(743)	(525)
Unrealised loss on revaluation of investment property		-	(292)
Total losses recognised in the year	11	(743)	(817)

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

Balance sheet

31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investment property	6	950	1,850
Current assets			
Debtors: amounts falling due within one year	7	1,607	1,459
Creditors: amounts falling due within one year	8	(72)	(341)
Net current assets		1,535	1,118
Total assets less current liabilities		2,485	2,968
Net assets		2,485	2,968
Capital and reserves			
Called up share capital	9	2,033	2,033
Profit and loss account	10	452	935
Equity shareholder's funds	11	2,485	2,968

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

The financial statements on pages 6 to 14 were approved and authorised for issue by the Board of Directors on 16 September 2014 and were signed on its behalf by:



D C S Oosthuizen
Director

Notes to the financial statements

For the year ended 31 March 2014

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.

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 due to the strength of its balance sheet.

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 property

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 a property is not held for use by the Group but for investment, and directors consider that to depreciate it would not give a true and fair view. The impact of not depreciating the property 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 2014

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 loss

Operating costs include a write down of £900,000 (2013: £708,000) relating to the property owned by the Company (Note 6).

Other operating costs include a management charge from an affiliate; this includes an audit fee of £1,827 (2013: £1,689).

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

	2014 £'000	2013 £'000
Interest receivable:		
On loans to Group undertakings	7	32
	7	32

Notes to the financial statements

For the year ended 31 March 2014

5 Tax on loss on ordinary activities

	2014 £'000	2013 £'000
(a) Analysis of charge in the year:		
Current tax:		
UK corporation tax on loss for the year	-	47
Total current tax (Note 5(b))	-	47
Deferred tax:		
Origination and reversal of timing differences	1	(30)
Total deferred tax	1	(30)
Tax on loss on ordinary activities	1	17

(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 23% (2013: 24%). The differences are explained below:

	2014 £'000	2013 £'000
Loss on ordinary activities before tax	(742)	(508)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	(171)	(122)
Effects of:		
Expenses not deductible and income not taxable for tax purposes	207	139
Group relief surrendered at non standard rates	(35)	-
Capital allowances in excess of depreciation	(1)	30
Current tax charge for the year (Note 5(a))	-	47

c) Factor which will effect future tax charges

The standard rate of corporation tax is 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015 as enacted by the Finance Act 2013.

Notes to the financial statements

For the year ended 31 March 2014

6 Investment property

	2014 £'000	2013 £'000
Valuation	950	1,850

The property held by the Company is freehold.

The investment property was valued externally by Altus Edwin Hill on an open market existing use basis at 31 March 2014. During the year, the value of the property was written down by £0.9m to the Profit and loss account. This reflects the fact that the building is not fully let and the existing leases expire in 2014.

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

	2014 £m	2013 £m
Cost	2.5	2.5
Depreciation	(0.3)	(0.2)
	2.2	2.3

7 Debtors - amounts falling due within one year

	2014 £'000	2013 £'000
Trade debtors	58	15
Amounts owed by other Group undertakings	1,527	1,425
Prepayments and accrued income	21	18
Deferred tax asset	1	1
	1,607	1,459

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

8 Creditors - amounts falling due within one year

	2014 £'000	2013 £'000
Group tax relief payable	-	260
Amounts owed to other Group undertakings	1	1
Other creditors	71	80
	72	341

Notes to the financial statements

For the year ended 31 March 2014

9 Called up share capital

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
2,033,405 ordinary shares of £1 each	2,033	2,033

10 Reserves

	Profit & Loss account £'000	Total £'000
Balance at 1 April 2013	935	935
Loss for the financial year	(743)	(743)
Group relief capital contribution	260	260
Balance at 31 March 2014	452	452

In January 2014, PPL WW Holdings Limited, the Company's indirect parent, contributed its group relief receivable asset in respect of the Company to the Company for no consideration. The asset received was offset against the corresponding group relief payable liability included within the Company's UK corporation tax creditor.

11 Reconciliation of movements in equity shareholder's funds

	2014 £'000	2013 £'000
Loss for the financial year	(743)	(525)
Investment property revaluation deficit for the year	-	(292)
Capital contribution (Note 10)	260	-
Net decrease to equity shareholder's funds	(483)	(817)
Opening equity shareholder's funds	2,968	3,785
Closing equity shareholder's funds	2,485	2,968

Notes to the financial statements

For the year ended 31 March 2014

12 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 13).

13 Ultimate parent undertaking

The immediate parent undertaking of the Company is Western Power Distribution Limited, 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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