Registered Number: 04506336

PPL UK RESOURCES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2021

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Strategic report

For the year ended 31 March 2021

The directors present their annual report and the audited financial statements of PPL UK Resources Limited (the "Company"), company number 04506336, for the year ended 31 March 2021.

The financial statements are presented in US dollars, which is the Company's functional and presentational currency.

Ownership

The Company is an indirect wholly-owned subsidiary of PPL Corporation ("PPL"), an electricity utility holding company of Allentown, Pennsylvania, United States of America ("USA").

Business review

The principal activity of the Company is to make and hold investments and to act as a financing vehicle for its ultimate parent, PPL. At 31 March 2021 the Company held a 100% investment in PPL WPD Limited and a 100% investment in PPL UK Distribution Holdings Limited. As at 31 March 2021, the principal activity of the Company and its direct and indirect subsidiaries (the 'WPD Group') was the distribution of electricity in the South West and Midlands regions in England and in South Wales. On 18 March 2021, the Company's shareholder, PPL announced that it had reached an agreement to sell the majority of its UK subsidiaries (including the electricity distribution network operators), to National Grid plc. Following the approval of Guernsey Financial Services Commission and Financial Conduct Authority, the transaction completed on 14 June 2021. Thus subsequent to year end, the Company's investment solely pertains to non-trading entities i.e. PPL WPD Limited and PPL UK Distribution Holdings Limited. Refer note 8 for details.

The Company has a $713.8m Eurobond in issue held by PPL (Barbados) SRL of which $184.1m is drawn. Repayments of $14.0m were made in the year; these were funded by investment income.

The Company has a $1,040.9m fixed rate loan in issue held by PPL (Barbados) SRL of which $892.6m is drawn. Repayments of $10.9m were made in the year; these were funded by investment income.

As at 31 March 2020, Company had a $200m Eurobond in issue held by Western Power Distribution plc. On 30 December 2020, the Eurobond was transferred from Western Power Distribution plc ("WPD plc") via dividends in specie to PPL WPD Limited, a fully owned subsidiary of the Company. PPL WPD Limited declared a dividend payable to the Company on the same day. The Company and PPL WPD Limited subsequently signed a deed to set off the Eurobond against the dividend payable by PPL WPD Limited. As the Eurobond was settled ahead of its maturity date of 31 July 2021, the Company incurred an early redemption premium of $7.0m.

The Company's financial key performance indicators during the year were as follows:

	2021	2020
	$'m	$'m
Profit for the financial year (page 16)	**215.7**	187.3

The profit during the year increased by $28.4m mainly due to investment income of $284.9m (2020: $257.6m) in the current year. During the year the Company received dividend income of $284.9m (2020: $257.3m) from PPL WPD Limited and $nil (2020: $0.3m) from PPL UK Distribution Holdings Limited.

Strategic report (continued)

For the year ended 31 March 2021

Principal risks and uncertainties

The principal risks relate to the Company's financial instruments. These are loans with related parties which are used to raise finance for the Company's operations. The main risks arising from these are interest rate risk, foreign currency risk and liquidity risk.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's credit facilities with CEP Reserves, Inc. (a fellow PPL Corporation subsidiary). As of 31 March 2021 there were no outstanding borrowings against this facility. All other Company borrowings, at this date, are long-term loans at fixed interest rates (Note 11).

Foreign currency risk

As at 31 March 2021, the Company was exposed to foreign currency risk in respect of its investment income from its electricity distribution companies in the UK. However subsequent to the sale transaction on 14 June 2021, the Company does not expect to earn any foreign currency investment income.

Liquidity risk

As at 31 March 2021, the Company was exposed to liquidity risk as it had interest bearing liabilities and did not generate turnover from operations. The Company's primary purpose was to provide a financing vehicle for its ultimate parent, discussed in note 13, and the Company's subsidiary. All the outstanding balances on loans were with related parties and have been repaid subsequent to the year end. Refer note 11 for details. Thus subsequent to the year end, the company does not have any liabilities and is not exposed to any liquidity risks.

Impact of Brexit

Following the European Union referendum vote on 23 June 2016, the UK formally left the EU on 31 January 2020 and the transition period ceased on 31 December 2020. Brexit did not materially impact the Company. The primary asset of the Company is its investment in PPL WPD Limited. The principal activity of PPL WPD Limited and its subsidiaries (the 'WPD Group') is the distribution of electricity in the South West and Midlands regions in England and in South Wales, which is a stable business resulting in stable dividend income for the Company. Since all of the Company's income pertains to dividends from its investment in the UK entity, the Company is exposed to some level of foreign currency risk. However, the foreign exchange gains or losses net off with each other at a PPL Corporation consolidated group level.

Impact of Coronavirus 2019 ("COVID-19")

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic. Since then, the COVID-19 crisis has presented unprecedented challenges globally and disrupted the world economies. In the past twelve months, the UK has had three separate periods of national lockdown and even in periods without lockdown some form of restrictions have been in place throughout the year, impacting businesses, communities, workforces and markets.

The impact of the economic disruption due to COVID-19 on the Company's revenue has been minimal as revenue solely pertains to dividend income from PPL WPD Limited. The primary business of the WPD Group is the distribution of electricity and is essential in keeping critical infrastructure assets operating safely and securely and in making sure that homes and businesses across the licensed regions have continued access to electricity supplies. Therefore, even in these challenging times, whereby many business sectors are impacted severely, the Company has had a continuing, stable stream of investment revenue from its subsidiary.

Strategic report (continued)

For the year ended 31 March 2021

Future developments

As at 31 March 2021, the principal activity of the Company has been to act as financing vehicle for its ultimate parent, PPL, in respect of PPL's investment in the electricity distribution business in the UK. Subsequent to the sale by PPL of its electricity distribution business in the UK on 14 June 2021, the Company continues to hold the two non-trading entities in the UK for the benefit of PPL.

Section 172 statement

Refer to page 4 below for our Section 172 statement.

Approved by the board of directors and signed on its behalf by:

Tadd J. Henninger
Director

12 November 2021

Section 172 statement

For the year ended 31 March 2021

The directors of all UK companies must act in accordance with their duties under the Companies Act 2006. This includes a fundamental duty to promote the success of the Company for the benefit of its members as a whole. This duty has been central to the decision-making process of the directors of all the Companies within the WPD Group. The Board has well-established policies defining the Board's duties and responsibilities including those under section 172.

The information below describes how, in performing their duties during the year, the Directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Act, and constitutes the Board's Section 172 Statement.

Strategy and long-term decision-making

As at 31 March 2021, the principal purpose of the Company was to hold investment in the WPD Group and to serve as a financing vehicle for its ultimate parent, PPL. The strategy of the Company was directly linked to the strategy and goals of the WPD Group. The Board has been focused on ensuring that its investment in the WPD Group continues to generate a stable investment income for the ultimate shareholder i.e. PPL Corporation. Subsequently, on 14 June 2021, on completion of the sale by PPL of the electricity business in the UK, the Company continues to act as holding entity for PPL and holds 100% shareholding in two non-trading entities in the UK.

The below defines the Board's long term decision making process as at 31 March 2021.

The main business activity of the WPD Group is the distribution of electricity within the South West, South Wales and the Midlands and for the year ended 31 March 2021, the Board was focused on ensuring that the WPD Group promotes the success of the business in a manner that is environmentally sustainable, provides long term stability and meets the needs of its key stakeholders.

The Board maintains an oversight of the Company's investment which, for the year ended 31 March 2021, was directly related to the performance of the distribution network businesses within the WPD Group. For the year ended 31 March 2021, the directors delegated day-to-day management and decision-making to the senior management team of the WPD Group. This ensured adequate monitoring by the Board of the Company's investments in subsidiary entities as at 31 March 2021.

As at 31 March 2021, policies, applicable to all the companies operating within the WPD Group, were in place defining the powers of delegation by the Board, the matters reserved for the Board and the areas of responsibilities and accountability of the Directors. These policies established the framework within which managers and employers were expected to operate and represented one of the means through which decisions on stakeholder interests were enacted.

Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions in support of the Company's long-term stability.

Employee interests

The Company does not employ any staff. For the year ended 31 March 2021, The responsibility of the activities of the Company was with the staff of the WPD Group as it was incidental to their roles elsewhere in the WPD Group.

For details in relation to employee interests of the WPD Group, refer to the Strategic report and Corporate governance statement in the Western Power Distribution plc Annual report and Consolidated Financial Statements, available at the below link:
https://www.westernpower.co.uk/about-us/financial-information

Stakeholder engagement

As at 31 March 2021, our key stakeholders were the customers, employees, regulators and suppliers of the WPD Group and our ultimate single shareholder, PPL Corporation.

Stakeholder engagement (continued)

The Company actively engages with and is committed to providing long term, sustainable value for PPL.

The three directors of the Company are part of PPL's senior management team. PPL's senior management has regular contact and dialogue with the directors of the Company and also with the Board and senior management of the WPD Group. All key information is fed back to the PPL Board on a timely basis. Regular financial and regulatory update meetings are conducted with PPL's management team to provide updates on any key accounting, business, and legal issues.

For the year ended 31 March 2021, the engagement with the customers, employees, regulators and suppliers of the WPD Group was conducted by the directors of Western Power Distribution plc and the directors of each of the Distribution Network Operator ("DNO") companies within the WPD Group. Further details regarding these actions are provided within the Western Power Distribution plc Annual Report and Consolidated Financial Statements. These financial statements can be accessed at the link below:
https://www.westernpower.co.uk/about-us/financial-information

Impact on communities and environment

The directors believe that working closely with our communities is important in creating shared value for the business, the people we serve and the communities we operate in. The service that the DNOs within the WPD Group provide, is critical to our communities and impacts the businesses and homes we serve on a daily basis. During the year ended 31 March 2021, the directors directly, and indirectly through the senior management team, despite the restrictions on in-person events, engaged with over 37,000 (2020: 40,000) stakeholders via a range of methods and delivered 356 (2020: 300) improvement actions based on feedback received. These actions covered a variety of stakeholder groups including the important areas of vulnerable customers and smart networks. The WPD Group has supported over 22,000 fuel poor customers in making annual savings of £10 million.

Further details on corporate social responsibility and the environmental goals of the WPD Group for the year ended 31 March 2021 are provided in the Strategic report of Western Power Distribution plc Annual Report and Consolidated Financial Statements. These financial statements can be accessed at the link below:
https://www.westernpower.co.uk/about-us/financial-information

Looking to the future, the ultimate parent undertaking of the Company, PPL, has set a goal to achieve net-zero carbon emissions by 2050 and is targeting a 70% reduction from 2010 levels by 2035 and an 80% reduction by 2040. For details in relation to PPL's net-zero emissions by 2050, refer to the link below:
https://www.pplweb.com/sustainability/

Reputation for high standards of business conduct

For the year ended 31 March 2021, the business conduct of the Company has been directly linked to the WPD Group's business conduct. During the year ended 31 March 2021, the directors of the Company aspired for the WPD Group to develop a culture where management and the workforce is motivated to be successful for its shareholder by creating long term value and at the same time is committed to satisfying customer needs. The directors also aimed for WPD Group to be a valued member of the community, which included acting as a responsible steward of the environment. The Board of the Company and the WPD Group Board ensured that the strategy and goals of all the entities within the Group supported this and engagement with all stakeholder groups reflected that this aim was embedded across the business and impacted the decision making taken throughout the WPD Group.

Details of the WPD Group's business conduct are provided in the Section 172 statement for Western Power Distribution plc Annual Report and Consolidated Financial Statements. These financial statements can be accessed at the link below:
https://www.westernpower.co.uk/about-us/financial-information

Section 172 statement (continued)

For the year ended 31 March 2021

Reputation for high standards of business conduct (continued)

Subsequent to the year end, the business conduct of the Company is directly linked to the values of its ultimate parent undertaking, PPL. The key values of PPL being:

- Safety and health;
- Customer focus;
- Diversity, Equity and Inclusion;
- Performance Excellence and Innovation;
- Integrity and Openness; and
- Corporate Citizenship.

For further details in relation to the standards of business conduct of PPL refer to the below link:
https://www.pplweb.com/who-we-are/about-us/

Examples of key decisions during the year

No dividends were paid by the Company in the year (2020: nil). In considering the capital distributions, the directors take account of the financial position of the Company, the strategic direction of the WPD Group and the interests of our ultimate shareholder i.e. PPL.

As part of the regulatory process, Ofgem sets the allowed rate of return within each price control period. Ofgem set WPD's cost of equity at 6.4% for RIIO-ED1. The DNOs within the WPD group reinvest a significant portion of their profits back into the network to ensure an efficient, reliable and environmentally sustainable network. The Board ensures that it understands and takes account of the views of our ultimate shareholder in order to preserve positive investor relations. The Board acts in the shareholder's best interests by proposing an amount of dividend in accordance with the financial parameters of our regulatory allowance whilst maintaining strong financial health

At the Company level, no other key decisions during the year were taken. Key decisions during the year pertaining to the WPD Group have been discussed in detail in the Section 172 statement of the Western Power Distribution plc Annual Report and Consolidated Financial Statements. These financial statements can be accessed at the link below:
https://www.westernpower.co.uk/about-us/financial-information

Directors' report

For the year ended 31 March 2021

The directors present their annual report and the audited financial statements for the year ended 31 March 2021.

Directors and their interests

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

AW. Elmore (appointed on 1 September 2020)
VD. Hartline (appointed on 10 March 2021)
TJ. Henninger (appointed on 10 March 2021)
IR. Williams (resigned on 10 March 2021)
AJ. Sleightholm (resigned on 10 March 2021)
AJ. Torok (resigned on 31 August 2020)

During and at the end of the financial year, no director was interested in any contract of significance in relation to the Company's business other than service contracts. Insurance in respect of directors and officers is maintained by the Company's ultimate parent, PPL Corporation. The insurance, which is third party qualifying indemnity 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.

Dividends

No dividends were paid to the Company's parent during the year (2020: $nil).

Subsequent events

On 18 March 2021, the Company's shareholder, PPL announced that it had reached an agreement to sell the majority of its UK subsidiaries, excluding the Company, to National Grid plc. This announcement followed the decision by PPL's Board of Directors to strategically reposition PPL as a U.S.-focused energy business. The transaction required National Grid plc investor approval, which was received on 22 April 2021; following Guernsey Financial Services Commission and Financial Conduct Authority approval the transaction completed on 14 June 2021. National Grid voluntarily referred the acquisition of the WPD Group to the Competition and Markets Authority ("CMA") and the CMA cleared the acquisition on 1 September 2021.

Subsequent to year end, on 15 April 2021, the $713.8m Eurobond with PPL (Barbados) SRL, has been fully repaid. Repayments were funded through investment income from subsidiary.

On 27 April 2021, the Company reduced its issued share capital from $731.9m to $0m by written resolution supported by a solvency statement, cancelling and extinguishing 467,039,621 ordinary shares of £1 each. This reduced the share capital to 1 ordinary share of £1 each. The balance of $731.9m was credited to distributable reserves.

Subsequent to year end, on 14 June 2021, the $1,040.9m 4.5% fixed rate loan note held by PPL (Barbados) SRL, has been fully repaid. Repayments were funded through investment income from subsidiary.

Subsequent to the year end, on 14 June 2021, the Company paid a dividend of $10.2bn to PPL (Barbados) SRL. The dividend was funded through investment income from PPL WPD Limited.

Going concern

The Company has net current liabilities of $198.7m. £15.1m of current liabilities are in relation to amounts due to affiliated companies. $184.1m of current liability pertains to Eurobond with PPL (Barbados) SRL, listed on The International Stock Exchange, maturing on 1 March 2022. Subsequent to year end, on 15 April 2021, the Eurobond with PPL (Barbados) SRL has been repaid in full. Repayment was financed from investment income.

Going concern (continued)

Taking into account the net current liability position , confirmation has been obtained from a parent undertaking that it will provide financial support to the Company for not less than 12 months from the date of approval of the financial statements and the directors have considered the ability of the parent undertaking to provide such financial support. In addition, the Company also has a $100m borrowing facility with CEP Reserves Inc. (a fellow PPL Corporation subsidiary) expiring in July 2024.

After consideration, the directors of the Company have concluded that the Company has sufficient resources available to enable it to continue in existence for the foreseeable future and at least for a period of 12 months from the date of signing the accounts and have therefore continued to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

Comment on principal risks and uncertainties is included in the Strategic report (pages 1 and 2).

Future developments

Comment on future developments is included in the Strategic report (page 3).

Streamline energy and carbon reporting ('SECR')

The Company is a holding company for the WPD Group. All operational activities are conducted by the WPD Group and therefore the below information pertains to the WPD Group:

	tCO_2e		**tCO_2e per employee**	
	2021	2020	**2021**	2020
Scope 1 (direct emissions)				
Operational transport	**18,041**	21,233	**2.75**	3.23
SF6 gas	**8,678**	9,005	**1.32**	1.37
Fuel combustion (diesel / gas oil)	**2,750**	3,181	**0.42**	0.48
Buildings	**216**	211	**0.03**	0.03
	29,685	33,630	**4.53**	5.13
Scope 2 (energy indirect emissions)				
Buildings electricity	**4,575**	5,289	**0.70**	0.80
Substation electricity	**14,198**	12,129	**2.17**	1.84
WPD Telecoms	**575**	804	**0.09**	0.12
	19,348	18,222	**2.94**	2.76
Total scope 1 & 2	**49,033**	51,852	**7.47**	7.88
Scope 3 (other indirect emissions)				
Business transport	**1,558**	3,606	**0.24**	0.55
Operational transport (contractors)	**8,427**	16,388	**1.29**	2.49
Fuel combustion (diesel / gas oil) (contractor)	**6,056**	6,068	**0.92**	0.92
Total scope 1, 2 & 3	**65,074**	77,914	**9.92**	11.84

The WPD Group's chosen intensity measurement is tonnes of carbon dioxide equivalent per employee.

Aggregate in kWH of annual quantity of energy consumed for business activities and own use
Electricity energy consumed for the year to 31 March 2021 is kWH 22,093,087 (2020: kWH 23,259,982).

Gas energy consumed for the year to 31 March 2021 is kWH 1,177,215 (2020: kWH 1,150,183).

Energy consumed for helicopters for the year to 31 March 2021 is kWH 4,181,588 (2020: kWH 4,478,197).

Streamline energy and carbon reporting ('SECR') (continued)

Methodologies used in calculating energy and carbon reporting data
Our BCF details the impact that our operational activities have on the environment in terms of tonnes of equivalent carbon dioxide ("tCO2e") emissions and takes account of our energy usage from offices, transport emissions (operational and business), fuel combustion and the release of greenhouse gases (SF6). The reported data for operational transport (road) and fuel combustion also takes account of a number of our larger contractor emissions as required under the Ofgem reporting requirements.

The data compiled and reported by the WPD Group follows a recognised methodology as described within international business carbon footprint standards, the Greenhouse Gas ("GHG") carbon reporting guidance as provided by BEIS / DEFRA, the 2020 UK Government GHG Conversion Factors for company reporting and ISO14064-3. The emission-releasing activities are categorised into three groups known as scopes. Each activity is listed as either Scope 1, Scope 2 or Scope 3.

- Scope 1 (direct emissions) emissions are those from activities owned or controlled by the Group. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, generators and vehicles; and releases of fugitive emissions, for example SF6.
- Scope 2 (energy indirect) emissions are those released into the atmosphere that are associated with consumption of purchased electricity, heat, steam and cooling. These indirect emissions are a consequence of the Group's energy use, but occur at sources that the Group do not own or control. Network losses are identified by Ofgem as being Scope 2 emissions (pending clarification from Ofgem).
- Scope 3 (other indirect) emissions are a consequence of the Group's activities that occur at sources that are not controlled by the Group and are not classed as Scope 2 emissions. Examples of Scope 3 emissions include business travel by means not owned or controlled by the Group, water supply and materials / services that the Group

Measures for increasing the WPD Group's efficiency during the year
During 2020/21, the Company has implemented the following energy efficiency measures:
- replacement of older operational fleet vehicles with more fuel efficient alternatives and improving awareness of the impacts of driving style on fuel efficiency and vehicle emissions;
- the purchase and roll-out of electric operational fleet vehicles;
- installation of electric vehicle charging points at many of our non-operational depot sites for both fleet and employee owned electric vehicles;
- improvements to the reporting of SF6 gas leaks from our installed equipment and fully utilising the infrared SF6 detection cameras enabling us to quickly pinpoint the source of leaks;
- ensuring that all newly built WPD depots achieve the UK Building Research Establishment Environment Assessment Method ("BREEAM") standard of 'Excellent' as a minimum and that refurbished existing depots achieve the 'Very Good' standard; and
- the on-going replacement with more modern and energy efficient heating and cooling systems throughout our property portfolio plus undertaking an energy efficiency review at many of our non-operational and operational sites including employee energy awareness campaigns.

Directors' report (continued)

For the year ended 31 March 2021

Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, of which the auditor is unaware. Each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

Deloitte LLP have expressed their willingness to continue in office and a resolution proposing their reappointment will be put before the Annual General Meeting.

Approved by the board of directors and signed on its behalf by:

Tadd J. Henninger
Director
12 November 2021

PPL UK Resources Limited
Suite 1, 3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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), including Financial Reporting Standard ("FRS") 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors and is signed on its behalf by:

Tadd J. Henninger
Director

12 November 2021

Independent auditors' report to the member of PPL UK Resources Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of PPL UK Resources Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors' report to the member of PPL UK Resources Limited (continued)

Other Information (continued)
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:
- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, FRS 101, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty

Independent auditors' report to the member of PPL UK Resources Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:
• reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
• enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
• reading minutes of meetings of those charged with governance and reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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

We have nothing to report on these matters.

Independent auditors' report to the member of PPL UK Resources Limited (continued)

Use of our report

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.

Suzanne Gallagher

Suzanne Gallagher, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor,
Reading, United Kingdom

15 November 2021

Profit and loss account

For the year ended 31 March 2021

	Note	2021 $'m	2020 $'m
Operating expenses	5	**(0.1)**	(0.3)
Operating loss		**(0.1)**	(0.3)
Income from fixed asset investments		**284.9**	257.6
Net finance cost	6	**(69.1)**	(69.7)
Impairment of fixed asset investment	8	**-**	(0.3)
Profit before tax		**215.7**	187.3
Tax	7	**-**	-
Profit for the financial year		**215.7**	187.3

All operations are continuing.

There is no other comprehensive income/(loss) for the year ended 31 March 2021 or 31 March 2020 and therefore no separate statement of comprehensive income has been prepared.

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

Balance sheet
As at 31 March 2021

	Note	2021 $'m	2020 $'m
Fixed assets			
Investments	8	**4,101.8**	4,101.8
Current assets			
Cash at bank and in hand		**0.5**	0.6
		0.5	0.6
Creditors			
Amounts falling due within one year	9	**(199.2)**	(18.9)
Net current liabilities		**(198.7)**	(18.3)
Total assets less current liabilities		**3,903.1**	4,083.5
Creditors			
Amounts falling due after more than one year	9	**(892.6)**	(1,301.6)
Net assets		**3,010.5**	2,781.9
Capital and reserves			
Share capital	10	**731.9**	719.0
Profit and loss account		**2,278.6**	2,062.9
Equity shareholders' funds		**3,010.5**	2,781.9

The accompanying notes 1 to 13 are an integral part of these financial statements.

The financial statements of the Company (registered number 04506336) on pages 16 to 29 were approved and authorised for issue by the Board of Directors on 12 November 2021 and were signed on its behalf by:

Tadd J. Henninger
Director

Statement of changes in equity
For the year ended 31 March 2021

	Note	Share capital $'m	Profit and loss account $'m	Total equity $'m
At 1 April 2019		**706.2**	**1,875.6**	**2,581.8**
Profit for the financial year		-	187.3	187.3
Total comprehensive income for the year		-	**187.3**	**187.3**
Share issue		12.8	-	12.8
At 31 March 2020		**719.0**	**2,062.9**	**2,781.9**
Profit for the financial year		-	215.7	215.7
Total comprehensive income for the year		-	**215.7**	**215.7**
Share issue	10	12.9	-	12.9
At 31 March 2021		**731.9**	**2,278.6**	**3,010.5**

Notes to the financial statements

For the year ended 31 March 2021

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

The financial statements of PPL UK Resources Limited (the "Company") for the year ended 31 March 2021 were authorised for issue by the board of directors on 12 November 2021 and the balance sheet was signed on the board's behalf by Tadd J. Henninger. PPL UK Resources Limited is a private company limited by shares incorporated and registered in England and Wales. The registered address is included in note 13.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC.

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

2. Significant accounting policies

Basis of preparation

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 and related party transactions.

Where required, equivalent disclosures are given in the group financial statements of PPL Corporation, a company registered in the US. The group financial statements of PPL Corporation are available to the public and can be obtained as set out in note 13.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Company's financial statements are presented in US dollars, which is also the Company's functional currency. All values are rounded to the nearest one hundred thousand dollars except when otherwise indicated.

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. This is discussed further within the Directors' report on page 7.

Group financial statements

Group financial statements have not been prepared as the Company has taken advantage of the relief under s400 of the Companies Act 2006. The results of the Company are consolidated in the financial statements of PPL Corporation. These financial statements therefore present information about the Company and not the PPL UK Resources Limited group.

Impact of new International Financial Reporting Standards

The following new standards are effective for accounting periods beginning on or after 1 January 2020:

- Definition of Material - amendments to IAS 1 and IAS 8;
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7;
- Definition of a Business - amendments to IFRS 3;
- Amendments to References to the Conceptual Framework in IFRS Standards.

The Company has assessed the impact of these standards and concluded that there is no material change to the Company's financial statements.

2. Significant accounting policies (continued)

Operating segment
The company only has one reportable segment. All of the Company's revenue is generated from its investments in the United Kingdom.

Foreign currency
The Company's financial statements are presented in US dollars, which is also the Company's functional currency. Revenues and expenses in foreign currency are recorded at the average exchange rate for the month in which the transaction occurred.

Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non monetary items that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rates at the dates of the initial transactions.

The exchange rate used for converting balance sheet items was $1.3783 for £1 (2020: $1.2420).

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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to HMRC. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Financial assets
Financial assets are classified as debt instruments at amortised cost; debt instruments at fair value through other comprehensive income ('FVOCI'); financial assets at fair value through profit and loss ('FVTPL'); derivatives designated as hedging instruments in an effective hedge; or as equity instruments designated at FVOCI, as appropriate. Financial assets include investments and debtors. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. For financial assets at FVTPL, transaction costs are immediately recognised in profit and loss account.

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

Notes to the financial statements (continued)

For the year ended 31 March 2021

2. Significant accounting policies (continued)

Financial assets (continued)

Debt instruments at amortised cost

Debt instruments that meet the hold-to-collect business model test and sole payment principal and interest ('SPPI') contractual cash flow test, 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 debt instruments are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes debtors.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment of financial assets

The Company recognises impairment on financial assets following the expected credit loss ('ECL') model in IFRS 9.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL, as default is a component of the probability of default ('PD') which affects the measurements of ECLs. WPD constitutes the following as an event of default:

(i) Borrower is past due more than 90 days on any material credit obligation to the Company; or
(ii) Borrower is unlikely to pay its credit obligation to the Company in full.

The Company has the following financial assets not measured at FVTPL that are subject to ECL:

Debtors

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

To measure the expected credit losses, debtors have been grouped based on the days past due. The expected credit loss rates are primarily based on historical credit losses experienced. The historical loss rates are then adjusted for forward looking information, if any, on macroeconomic factors affecting the ability of the customers to pay.

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 creditors. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Notes to the financial statements (continued)

For the year ended 31 March 2021

2. Significant accounting policies (continued)

Financial liabilities (continued)

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other income and finance costs.

This category of financial liabilities includes creditors.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the group currently has a legally enforceable right to set off the recognised amounts; and the Company intends to either settle on a net basis or realise the asset and settle the liability simultaneously. A right of set off is the Company's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a current legally enforceable right to set off exists.

Investments

Investments are shown at cost less any provisions for impairment. Investments are reviewed for impairment if there are indications that the carrying value may not be recoverable. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying value and recoverable amount being the higher of fair value less cost to sell and value in use. The impairment, if any, is charged to the profit and loss account.

Investment income

Investment income, in the form of dividends, is included in the profit and loss account when the shareholders' right to receive payment is established.

Interest income

Interest income comprises interest receivable on financial assets at amortised cost and is recognised in the profit and loss account as it accrues, on an effective rate basis.

Interest expense

Interest expenses comprise interest payable on financial liabilities at amortised cost and is recognised in the profit and loss account as it accrues, on an effective rate basis.

Share capital

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

Notes to the financial statements (continued)

For the year ended 31 March 2021

2. Significant accounting policies (continued)

Dividends

Dividend distributions are recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's directors.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no estimates dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

There are no critical accounting judgements.

4. Directors and employees

No emoluments were paid to directors by the Company in either year. Emoluments of directors were paid by other companies in the PPL group 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 Western Power Distribution plc. The Company had no employees during either financial year.

5. Operating expenses

Operating expenses are primarily legal and professional fees. This includes an audit fee of $5,255 (2020: $5,099) for the audit of these financial statements. There were no non-audit fees in the current or prior year.

6. Net finance cost

	2021	2020
	$'m	$'m
Interest payable and similar charges:		
On loans from other group companies*	**(69.1)**	(69.7)
Net interest cost	**(69.1)**	(69.7)

* In the year the Company incurred a $7.0m premium for the early redemption of $200m Eurobond held with Western Power Distribution plc.

Notes to the financial statements

For the year ended 31 March 2021

7. Tax

(a) Tax in the profit and loss account:

	2021	2020
	$'m	$'m
Current tax	**-**	-

(b) Reconciliation of total tax

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	$'m	$'m
Profit before tax	**215.7**	187.3
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**41.0**	35.6
Effects of:		
Income not taxable for tax purposes	**(54.1)**	(48.9)
Expenses not deductible for tax purposes	**3.1**	1.8
Group relief surrendered at non-standard rates	**10.0**	11.5
Total tax	**-**	-

(c) Factors affecting future tax charges

The Finance (No.2) Bill 2021 published on 11 March 2021 increases the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. This rate increase was not substantively enacted until 24 May 2021 and will only affect tax expense in future years as a provision for deferred tax is not needed in these financial statements.

Notes to the financial statements
For the year ended 31 March 2021

8. Investments

	Shares in group undertakings $'m
Cost	
At 1 April 2020 and 31 March 2021	**4,915.4**
Amounts provided	
As at 1 April 2020 and 31 March 2021	**813.6**
Net book value at 1 April 2020 and 31 March 2021	**4,101.8**

Details of the Company's direct subsidiary undertakings are as follows:

Name	Principal activity	Proportion (%)
PPL WPD Limited	Investment company	100
PPL UK Distribution Holdings Limited (in liquidation)	Investment company	100

All holdings are in ordinary shares.

The entire carrying value of the investment at 31 March 2020 and 31 March 2021 pertains to the holding in PPL WPD Limited. The carrying value of the investment in PPL UK Distribution Holdings Limited is nil as at 31 March 2021 and 31 March 2020.

All undertakings are registered in England and Wales.

The registered office for PPL WPD Limited is Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB and for PPL UK Distribution Holdings Limited is 15 Canada Square, London, E14 5GL.

As at 31 March 2021,the Company owned the following indirect subsidiary undertakings:

Name	Principal activity	Proportion (%)
Western Power Distribution Holding Company Limited (formerly PPL WPD Investments Limited)	Investment company	100
Western Power Distribution plc	Investment company	100
WPD Investment Holdings Limited	Investment company	100
WPD Distribution Network Holdings Limited	Investment company	100
Western Power Distribution (South West) plc	Electricity distribution	100
Western Power Distribution (South Wales) plc	Electricity distribution	100
Western Power Distribution (East Midlands) plc	Electricity distribution	100
Western Power Distribution (West Midlands) plc	Electricity distribution	100
WPD Property Investments Limited	Property management	100
WPD Island Limited (formerly PPL Island Limited)	Investment company	100
Western Power Distribution Investments Limited	Investment company	100

Notes to the financial statements

For the year ended 31 March 2021

8. Investments (continued)

Name	Principal activity	Proportion (%)
WPD Telecoms Limited	Telecommunications	100
South Western Helicopters Limited	Helicopter operator	100
WPD Smart Metering Limited	Smart metering activities	100
Western Power Generation Limited	Power generation	100
Kelston Properties 2 Limited	Property management	100
WPD Limited ^	Property management	100
Aztec Insurance Limited ^	Insurance	100
Sheet Road Management Company Limited	Property management	51%
WPD WEM Holdings Limited (formerly PPL UK Investments Limited)	Investment company	100
WPD WEM Limited (formerly PPL WEM Limited)	Investment company	100
WPD Midlands Limited (formerly PPL Midlands Limited)	Investment company	100
Hyder Profit Sharing Trustees Limited	Dormant company	100
WW Share Scheme Trustees Limited	Dormant company	100
South Wales Electricity Share Scheme Trustees Limited	Dormant company	100
Infralec 1992 Pension Trustee Limited	Dormant company	100
WPD Midlands Networks Contracting Limited	Dormant company	100
Central Networks Trustees Limited	Dormant company	100
WPD Share Scheme Trustees Limited	Dormant company	100
Western Power Pension Trustee Limited	Dormant company	100
WPD Limited	Dormant company	100
Meter Reading Services Limited	Dormant company	100
Meter Operator Services Limited	Dormant company	100

All holdings are in ordinary shares and all shares are held by subsidiary undertakings.

All undertakings are registered in England and Wales unless stated. ^ Incorporated in Guernsey.

Except for Aztec Insurance Limited and WPD Limited, the registered office of all subsidiary undertakings is Avonbank, Feeder Road, Bristol BS2 0TB. The registered office for Aztec Insurance Limited is Marsh Management Services Limited, PO Box 34, St Martins House, Le Bordage, St Peters Port, Guernsey, GY1 4AU and for WPD Limited is Elizabeth House, Les Ruettes Brayes, St Peters Port, Guernsey, GY1 1EW.

On 18 March 2021, the Company's shareholder, PPL announced that it had reached an agreement to sell the majority of its UK subsidiaries to National Grid plc. This announcement followed the decision by PPL's Board of Directors to strategically reposition PPL as a U.S.-focused energy business. The transaction required National Grid plc investor approval, which was received on 22 April 2021; following Guernsey Financial Services Commission and Financial Conduct Authority approval the transaction completed on 14 June 2021. National Grid voluntarily referred the acquisition of the WPD Group to the CMA and the CMA cleared the acquisition on 1 September 2021.

The sale transaction by PPL included the sale of all of the above indirect subsidiaries. Subsequent to the year ending 31 March 2021, the Company does not own any of the indirect subsidiaries. The sale transaction did not involve the sale of the Company and PPL Corporation continues to be the ultimate parent undertaking.

Notes to the financial statements

For the year ended 31 March 2021

9. Creditors

	2021	2020
	0.0	0.0
Amounts falling due within one year		
Eurobond held by PPL (Barbados) SRL	**184.1**	-
Interest payable to affiliate	**15.1**	18.9
	199.2	18.9
Amounts falling due after more than one year		
Eurobond held by Western Power Distribution plc	-	200.0
Eurobond held by PPL (Barbados) SRL	-	198.1
Eurobond held by PPL (Barbados) SRL	**892.6**	903.5
	892.6	1,301.6

For details regarding loans see note 11.

Western Power Distribution plc and PPL (Barbados) SRL are affiliates of the Company.

In January 2019, the Company became a co-obligor with fellow subsidiary WPD plc on the $255m 7.375% notes due 15 December 2028 issued by PPL UK Distribution Holdings Limited (the "PPLUK Bonds") and entered into a reimbursement agreement in relation to payments under the PPLUK Bonds. In accordance with the agreements, the Company and WPD plc were jointly and severally, and fully and unconditionally, liable on the PPLUK Bonds. Under the terms of the reimbursement agreement, if the Company gave notice of its intention to make payments to the holders of the PPLUK Bonds, WPD plc would make payments to the Company equal to such amounts. As WPD plc recognised its obligations under the PPLUK bonds in full, the Company did not recognise any amounts in respect of its obligations under the PPL UK Bonds or its rights under the reimbursement agreement as at 31 March 2020. On 16 December 2020, Western Power Distribution Holding Company Limited (formerly PPL WPD Investments Limited) succeeded the Company and assumed the rights and obligations under the co obligor arrangement.

10. Share capital

Issued and fully paid:
Ordinary shares of £1 each, translated at historical rates

	Number	$'m
At 1 April 2020	457,135,774	719.0
Issue of equity shares (1,2)	9,903,848	12.9
At 31 March 2021	467,039,622	731.9

(1) On 15 June 2020, the Company issued and allotted as fully paid up 5,091,381 ordinary shares of £1 to PPL (Barbados) SRL, for a subscription value of $6,402,412. The proceeds from this transaction were used to settle the Company's loan interest payment obligations. Share capital allotted was translated at a rate of £1 = $1.2575.

Notes to the financial statements

For the year ended 31 March 2021

10. Share capital (continued)

(2) On 15 December 2020, the Company issued and allotted as fully paid up 4,812,467 ordinary shares of £1 to PPL (Barbados) SRL, for a subscription value of $6,472,767. The proceeds from this transaction were used to settle the Company's loan interest payment obligations. Share capital allotted was translated at a rate of £1 = $1.3450.

11. Interest-bearing loans and borrowings

	Effective interest rate %	Maturity	2021 $'m	2020 $'m
Amounts falling due within one year				
Eurobond held by PPL (Barbados) SRL	5.767	1 March 2022	**184.1**	-
Amounts falling due after more than one year				
Eurobond held by Western Power Distribution plc	6.42	31 July 2021	-	200.0
Eurobond held by PPL (Barbados) SRL	5.767	1 March 2022		198.1
Eurobond held by PPL (Barbados) SRL	4.5	29 October 2024	**892.6**	903.5
			1,076.7	1,301.6

All loans and credit facilities are unsecured.

Eurobond held by Western Power Distribution plc

The Eurobond loan note held with Western Power Distribution plc was listed on The International Stock Exchange with interest due half yearly at an annual rate of 6.42%. On 30 December 2020, the Eurobond was transferred from WPD plc via dividends in specie to PPL WPD Limited, a fully owned subsidiary of the Company. PPL WPD Limited declared a dividend payable to the Company on the same day. The Company and PPL WPD Limited subsequently signed a deed to set off the Eurobond against the dividend payable by PPL WPD Limited. As the Eurobond was settled ahead of its maturity date of 31 July 2021, the Company incurred an early redemption premium of $7.0m

Eurobond held by PPL (Barbados) SRL

The $713.8m Eurobond with PPL (Barbados) SRL is listed on The International Stock Exchange, matures on 1 March 2022 with interest due half yearly at an annual rate of 5.767%. Repayments of $14.0m were made on this Eurobond in the year, reducing its balance to $184.1m. Subsequent to year end, on 15 April 2021, the Eurobond has been fully repaid. Repayments were funded through investment income from subsidiary.

Eurobond held by PPL (Barbados) SRL

The $1,040.9m 4.5% fixed rate loan note is held by PPL (Barbados) SRL. The loan note, listed on the International Stock Exchange, matures on 29 October 2024 with interest due half yearly. Repayments of $10.9m were made on this Eurobond in the year, reducing its balance to $892.6m. Subsequent to year end, on 14 June 2021, the Eurobond has been fully repaid. Repayments were funded through investment income from subsidiary.

Notes to the financial statements

For the year ended 31 March 2021

11. Interest-bearing loans and borrowings (continued)

Credit facilities

The Company held a $200m credit facility from CEP Reserves, Inc., a wholly owned subsidiary of PPL Corporation. Under this facility the interest rate and maturity date, if any, is to be determined by the lender. The facility was originally due to expire on 31 July 2021. Subsequent to year end, the credit facility amount was reduced to £100m and the maturity was extended to 31 July 2024, at which time any unpaid principal and accrued interest will be due. As at 31 March 2021 and 31 March 2020 there were no outstanding borrowings against this credit facility.

12. Events after the reporting period

On 18 March 2021, the Company's shareholder, PPL announced that it had reached an agreement to sell the majority of its UK subsidiaries, excluding the Company, to National Grid plc. This announcement followed the decision by PPL's Board of Directors to strategically reposition PPL as a U.S.-focused energy business. The transaction required National Grid plc investor approval, which was received on 22 April 2021; following Guernsey Financial Services Commission and Financial Conduct Authority approval the transaction completed on 14 June 2021. National Grid voluntarily referred the acquisition of the WPD Group to the CMA and the CMA cleared the acquisition on 1 September 2021.

Subsequent to year end, on 15 April 2021, the $713.8m Eurobond with PPL (Barbados) SRL, has been fully repaid. Repayments were funded through investment income from subsidiary.

On 27 April 2021, the Company reduced its issued share capital from $731.9m to $0m by written resolution supported by a solvency statement, cancelling and extinguishing 467,039,621 ordinary shares of £1 each. This reduced the share capital to 1 ordinary share of £1 each. The balance of $731.9m was credited to distributable reserves.

Subsequent to year end, on 14 June 2021, the $1,040.9m 4.5% fixed rate loan note held by PPL (Barbados) SRL, has been fully repaid. Repayments were funded through investment income from subsidiary.

Subsequent to the year end, on 14 June 2021, the Company paid a dividend of $10.2bn to PPL (Barbados) SRL. The dividend was funded through investment income from PPL WPD Limited.

13. Parent undertakings

The immediate parent undertaking of the Company is PPL (Barbados) SRL. The ultimate controlling party is PPL Corporation. Both companies are registered in the United States. The smallest and largest group in which the results of the Company are consolidated is headed by PPL Corporation. Copies of these accounts may be obtained from the company's registered address, Two North Ninth Street, Allentown, Pennsylvania, PA 18101-1179, US.

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