

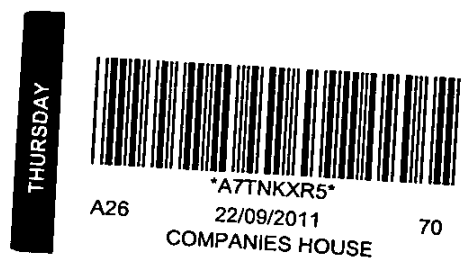
Registered number. 4574170

KELSTON PROPERTIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2010

Kelston Properties Limited is an integral part of a larger UK group. The structure of the group is such that the financial statements of Kelston Properties Limited must be read in conjunction with the group financial statements of PPL WW Holdings Limited (previously known as Western Power Distribution Holdings Limited), to gain a full understanding of the overall group results and the related cash flows, together with the financial position of the group.



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Directors' report

For the year ended 31 December 2010

The directors present their annual report and the audited financial statements of Kelston Properties Limited (the "Company") (Registered number 4574170) for the year ended 31 December 2010

Principal activity and business review

The Company's principal activity is that of a property investment company

The Company was formed to hold and, where appropriate, develop and/or sell properties owned by the PPL WW Holdings Limited (previously Western Power Distribution Holdings Limited Group) (the "Group") The Company currently holds 7 tranches of land

The Company will continue to seek to maximise return from its property assets If currently vacant or under-utilised, property will be developed if necessary and brought to the market to be let or sold.

The Company also wholly owns a subsidiary company whose principal activity is also that of a property investment company

In 2010, the Company made no property sales (2009 none)

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

Profit and dividends

The profit for the financial year was £812,000 (2009 £540,000) The directors have not declared a dividend (2009 nil)

Directors and their interests

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

D C S Oosthuizen

D A Withers

During and at the end of the financial year, no director was materially interested in any contract of significance in relation to the Company's business Insurance in respect of directors and officers is maintained by the Company'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

Independent 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

Directors' report (continued)

For the year ended 31 December 2010

Disclosure of information to the auditors

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

By order of the Board



D C S Oosthuizen
Director

2 September 2011

Kelston Properties Limited
Avonbank
Feeder Road
Bristol
BS2 0TB

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently ,
- make judgements and estimates that are reasonable and prudent ,
- state whether 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the Members of Kelston Properties Limited

We have audited the financial statements of Kelston Properties Limited for the year ended 31 December 2010 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Ernst & Young LLP

Christabel Cowling, Senior Statutory Auditor

for and on behalf of Ernst & Young LLP, Statutory auditors, Bristol

9 September 2011

Profit and loss account

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	1	2	3
Operating costs	2	(10)	(49)
Operating loss	2	(8)	(46)
Interest receivable (net)	4	508	544
Profit on ordinary activities before tax		500	498
Tax on profit on ordinary activities	5	312	42
Profit for the financial year	11	812	540

All operations are continuing

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

The accompanying notes are an integral part of these financial statements

Statement of total recognised gains and losses

For the year ended 31 December 2010

	2010 £'000	2009 £'000
Profit for the financial year	812	540
Unrealised surplus on revaluation of investment properties	-	8
Total gains recognised in the year	812	548

The accompanying notes are an integral part of these financial statements

Balance sheet

31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Investment properties	6	485	485
Investments	7	17,000	17,000
		17,485	17,485
Current assets			
Debtors amounts falling due within one year	8	20,794	20,329
Creditors: amounts falling due within one year	9	(2,357)	(2,704)
Net current assets		18,437	17,625
Net assets		35,922	35,110
Capital and Reserves			
Called up share capital	10	10	10
Share premium account	11	25,915	25,915
Profit and loss account	11	9,697	8,885
Revaluation reserve	11	300	300
Total shareholder's funds	12	35,922	35,110

The accompanying notes are an integral part of these financial statements

The financial statements on pages 5 to 14 were approved by the Board of Directors on 2 September 2011 and were signed on its behalf by



D C S Oosthuizen
Director

Notes to the financial statements

For the year ended 31 December 2010

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 and in accordance with the Companies Act 2006 and applicable accounting standards. They are prepared under United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). Accounting policies have been applied consistently throughout the year and the preceding year except where changes have been made to previous policies on adoption of new accounting standards.

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.

Changes in accounting policy

There were no new accounting standards which had an impact on the Company.

Turnover

Turnover, which excludes value added tax, represents the value of rents receivable for properties owned, and the disposal of properties held for resale. The Company's properties are located in the United Kingdom.

Investment properties

All properties of the Company are classified as investment properties as they are rented, or available to rent, to third parties outside the Group and are included in the balance sheet at their open market value. Such properties are revalued annually, with surpluses or deficits on individual properties transferred to an investment revaluation reserve, with the exception of a deficit (or its reversal) which is expected to be permanent, in which case it is charged (or credited) to the profit and loss account. Expenditure that enhances the value of the property is charged to the balance sheet.

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

Fixed asset investments

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

Tax

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2010

1. Accounting policies (continued)

Cash flow statement

There is no statement of cash flows as the Company is an indirect, wholly-owned subsidiary of PPL WW 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 1 (Revised 1996).

Group financial statements

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

2. Operating loss

The operating loss comprises mainly of professional fees. The auditors' remuneration was borne by another Group company.

3. Directors and employees

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

4. Interest receivable (net)

	2010 £'000	2009 £'000
Interest payable		
On loans from other Group undertakings	(5)	(6)
Interest receivable		
On loans to other Group undertakings	513	550
	508	544

Notes to the financial statements (continued)

For the year ended 31 December 2010

5. Tax on profit on ordinary activities

a) Analysis of credit in the year

	2010 £'000	2009 £'000
Current tax		
UK corporation tax on profits for the year	140	151
Adjustment in respect of prior years	(452)	(193)
Tax credit on profit on ordinary activities (Note 5(b))	(312)	(42)

b) Factors affecting current tax credit charge for the year

The current tax assessed for the year is different to the standard rate of corporation tax in the UK of 28%. The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	500	498
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	140	139
Effects of		
Expenses not deductible and income not taxable for tax purposes	-	12
Adjustments to tax charge in respect of prior years	(452)	(193)
Current tax credit for the year (Note 5(a))	(312)	(42)

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold. After taking into account indexation allowances accrued from the date of acquisition to the balance sheet date, the total amount unprovided for at 27% is £75,000.

c) Factors which will affect future tax charges

The standard rate of corporation tax is 27% with effect from 1 April 2011 as enacted by Finance (No 2) Act 2010. The additional 1% rate reduction effective from 1 April 2011 and the three further annual 1% rate reductions announced by the Chancellor in 23 March 2011 have not been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2010

6. Investment properties

£'000

Cost or valuation

At 31 January 2010 and 31 December 2010

485

Property values were reviewed at 31 December 2010 by a qualified surveyor who is an employee of the PPL WW Holdings Limited group and a director of the Company. Such properties are not depreciated. If the properties had not been classified as investment properties, no depreciation would have been charged in either year as the assets comprise of land only.

If investment properties held at 31 December 2010 had not been classified as investment properties, they would have been included at the following amounts:

	2010 £'000	2009 £'000
Cost	185	185

Assets comprise land only, which is not depreciated.

7. Fixed asset investments

£'000

At 1 January 2010 and 31 December 2010

17,000

The Company holds the following shares:

	Class of share	Total number	Number held by Company
Kelston Properties 2 Limited	£1 Ordinary	17,000,000	17,000,000

The undertaking is registered in England and Wales.

Notes to the financial statements (continued)

For the year ended 31 December 2010

8. Debtors - amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed by Group undertakings	20,794	20,324
Value added tax	-	5
	20,794	20,329

9. Creditors - amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to Group undertakings	220	215
UK corporation tax - group relief	2,136	2,448
Other creditors	1	41
	2,357	2,704

10. Called up share capital

	2010 £	2009 £
Allotted, called up and fully paid		
10,002 ordinary shares of £1 each	10,002	10,002

The £1 nominal value shares were issued at a premium (note 11) upon incorporation

Notes to the financial statements (continued)

For the year ended 31 December 2010

11. Reserves

	Share premium account £'000	Investment properties revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	25,915	300	8,885	35,100
Profit for the financial year	-	-	812	812
At 31 December 2010	25,915	300	9,697	35,912

12. Reconciliation of movements in equity shareholder's funds

	2010 £'000	2009 £'000
Profit for the financial year	812	540
Investment property revaluation surplus for the year	-	8
Net increase in shareholder's funds	812	548
Opening shareholder's funds	35,110	34,562
Closing shareholder's funds	35,922	35,110

13. Related party disclosures

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

Notes to the financial statements (continued)

For the year ended 31 December 2010

14. Ultimate parent undertaking

The immediate parent undertaking of Kelston Properties Limited is Western Power Distribution Investments Limited

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

The smallest group in which the results of Kelston Properties Limited are consolidated is that headed by PPL WW Holdings Limited, which is registered in England and Wales. Copies of their financial statements may be obtained from Companies House or from Avonbank, Feeder Road, Bristol BS2 0TB. The largest group in which the results of Kelston Properties Limited are consolidated is headed by PPL Corporation, the details of which are set out above.

Registered office

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