

Registered number: 3055273

**WPD INVESTMENTS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 December 2003

WPD Investments Limited is an integral part of a larger UK group. The structure of the group is such that the financial statements of WPD Investments Limited must be read in conjunction with the group financial statements of 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**

The directors present their report and the audited financial statements of WPD Investments Limited (the 'Company') for the year ended 31 December 2003.

The Company is an indirect wholly-owned subsidiary of Western Power Distribution Holdings Limited ('WPDHL') which is owned indirectly by PPL Corporation, an electricity utility of Allentown, Pennsylvania, US.

### **Principal activity and business review**

The principal activity of WPD Investments Limited is to make and hold investments.

The Company holds two ordinary shares in CROESO Systems Development Limited ('CSDL'), representing 50% of the issued share capital. CSDL was created as a joint venture with Western Power Distribution (South Wales) plc to develop a new customer service billing system in conjunction with IBM. During 1996, both partners announced that they were withdrawing from their participation in future development. Although CSDL is no longer trading, it is possible that it could be entitled to future royalty income which would benefit the Company.

The Company holds an investment and loan totalling £500,000 (2002: £500,000) in the HSBC UK Enterprise Fund for the South West (the 'Fund'), a limited partnership enterprise fund which invests in venture capital investment opportunities in the South West of England.

Until 26 February 2002, the Company held 90% of the issued share capital of ebusiness South West Limited ('ebusiness'), the remaining 10% shareholding being held by the University of Plymouth. On 26 February 2002, the Company sold 82.5% of its 90% shareholding in ebusiness for £1 (to retain 7.5%) and made certain other payments under the terms of the sale agreement. As a result of the terms of the sale, in 2002 the Company recorded a pre-tax loss on disposal of £386,575. It is considered that the 7.5% retained has no value. The principal activities of ebusiness have changed from ebusiness development and internet design to supplying Webcards to local businesses.

### **Results and dividends**

The loss after tax for 2003 was £19,848 (2002: £386,575). No dividends were declared or paid in the year.

### **Directors and their interests**

The directors, who served throughout the year, were M E Fletcher and D C S Oosthuizen. Subsequent to the year end, on 31 March 2004, M E Fletcher resigned as director. On 1 April 2004, D G Harris was appointed as a director.

As at 31 December 2003, no director had any interest in the shares of the Company or other group companies which required notification to the Company under section 324 and registration by the Company under section 325 of the Companies Act 1985.

## **Directors' Report (continued)**

### **Auditors**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and their reappointment as auditors will be put before the Annual General Meeting.

By Order of the Board



D C S Oosthuizen  
Director

### **WPD Investments Limited**

Avonbank  
Feeder Road  
Bristol BS2 0TB

19 May 2004

## **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 judgments 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 they have complied with the above requirements in preparing the financial statements.

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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the member of WPD Investments Limited**

We have audited the financial statements of WPD Investments Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the accounting policies set out in note 1.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for, and only for, the Company's member in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

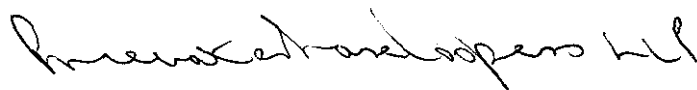
### **Basis of opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 2003 and of the Company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Cardiff

19 May 2004

## Profit and Loss Account

For the year ended 31 December 2003

	Note	2003 £	2002 £
Write down of intangible fixed assets	3	(12,000)	-
Loss on sale of subsidiary :			
Impairment of assets retained	3	-	(140,000)
Other	3	-	(246,575)
<b>Loss on ordinary activities before interest and tax</b>	3	<b>(12,000)</b>	<b>(386,575)</b>
Interest payable	4	(11,212)	-
<b>Loss on ordinary activities before tax</b>		<b>(23,212)</b>	<b>(386,575)</b>
Tax on loss on ordinary activities	5	3,364	-
<b>Loss on ordinary activities after tax, being loss for the financial year</b>	11	<b>(19,848)</b>	<b>(386,575)</b>

The Company had no recognised gains or losses other than the results above.

There is no difference between the loss on ordinary activities before tax and the retained loss for the year stated above and their historical cost equivalents.

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

# Balance Sheet

At 31 December 2003

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Intangible	6	13,000	25,000
Investments	7	428	428
		13,428	25,428
<b>Current assets</b>			
<b>Debtors :</b>			
Amounts due within one year	8	7,864	4,500
Amounts due after more than one year	8	499,575	499,575
		507,439	504,075
<b>Creditors</b>			
Amounts due within one year	9	(845,868)	(834,656)
<b>Net current liabilities</b>		<b>(338,429)</b>	<b>(330,581)</b>
<b>Net liabilities</b>		<b>(325,001)</b>	<b>(305,153)</b>
<b>Capital and Reserves</b>			
Called-up share capital	10	2	2
Profit and loss account	11	(325,003)	(305,155)
<b>Equity shareholder's deficit</b>	12	<b>(325,001)</b>	<b>(305,153)</b>

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

The financial statements on pages 5 to 11 were approved by the Board of Directors on 19 May 2004 and were signed on its behalf by:



D C S Oosthuizen  
Director



## **Notes to the financial statements**

For the year ended 31 December 2003

### **1 Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, which have been applied consistently throughout the year and the preceding year.

#### **Going concern**

The financial statements have been prepared on the going concern basis as the parent undertaking has confirmed that it will provide the Company with such financial support as required for it to remain a going concern for a period of 12 months following the date of these financial statements.

#### **Fixed assets**

Fixed assets relate to domain names. Owing to the nature of the assets, the directors consider that the domain names have an unlimited economic life. Consequently, no routine amortisation is provided and the Company carries out an impairment review on an annual basis and writes down the asset if appropriate.

#### **Taxation**

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

#### **Cash flow statement**

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

### **2 Employees and Directors**

The Company did not employ any staff during either year.

No director of the Company received any emoluments for services provided to the Company during either year.

### **3 Loss on ordinary activities before interest and taxation**

The write down of £12,000 during the year relates to the domain names held and is as a result of the annual impairment review.

## Notes to the financial statements

For the year ended 31 December 2003

### 3 Loss on ordinary activities before interest and taxation (continued)

On 26 February 2002, the Company sold 82.5% of its 90% investment in ebusiness South West Limited for £1. As a consequence, it had reduced the value of its remaining 7.5% investment as at 31 December 2002 to £1. As a result of the terms of the sale, the Company recorded a loss on disposal of £386,575 during 2002, which included £140,000 relating to the impairment of assets retained.

The Company's audit fee was borne by another group company.

### 4 Interest expense

	2003 £	2002 £
On loans from group undertakings	11,212	-

### 5 Tax on loss on ordinary activities

#### (a) Analysis of credit in the year

	2003 £	2002 £
Current tax:		
UK corporation tax on loss for the year	3,364	-
Tax on loss on ordinary activities (Note 5(b))	3,364	-

#### (b) Factors affecting the tax credit for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2003 £	2002 £
Loss on ordinary activities before tax	23,212	386,575
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	6,964	115,973
Effects of:		
Expenses not deductible and income not taxable for tax purposes	(3,600)	(115,973)
Current tax credit for the year (Note 5(a))	3,364	-

## Notes to the financial statements

For the year ended 31 December 2003

### 6 Intangible fixed assets

	£
<b>Cost and net book value</b>	
At 1 January 2003	25,000
Impairment	(12,000)
<b>At 31 December 2003</b>	<b>13,000</b>

The intangible assets relate to website domain names.

A percentage of any gain realised on the sale of certain domain names was due to a third party provided the sale took place before 1 April 2004. No sales took place before that date.

### 7 Fixed asset investments

	Associates	Unlisted investments	Total
	£	£	£
<b>Cost and net book value</b>			
At beginning and end of year	2	426	428

<u>Name of associated undertaking</u>	<u>Principal activity</u>	<u>Holding</u>	<u>Proportion held (%)</u>
CROESO Systems Development Limited	Development of a new billing system	Ordinary shares	50%

As at 31 March 2003, the capital and reserves of CROESO Systems Development Limited were nil. It did not trade during the year ended 31 March 2003 and is registered in England and Wales.

#### Unlisted investments

The Company has a £500,000 investment in the HSBC UK Enterprise Fund for the South West, which comprises £425 equity and the balance a loan (see Note 8). This is a partnership whose head office is located at 107 Promenade, Cheltenham, GL50 1NW.

Following the sale of its controlling interest in ebusiness South West Limited on 26 February 2002, the Company now holds 7.5% of the equity which is recorded at a nominal value of £1.

## Notes to the financial statements

For the year ended 31 December 2003

### 8 Debtors

Amounts due within one year	2003 £	2002 £
Group relief receivable	7,864	4,500
Amounts due after one year	2003 £	2002 £
Other debtors - loan to HSBC UK Enterprise Fund (Note 7) *	499,575	499,575

\* Currently, the fund is due to be realised in 2006.

### 9 Creditors: Amounts due within one year

	2003 £	2002 £
Amounts owed to parent undertaking	274,008	261,656
Other creditors	571,860	573,000
	845,868	834,656

### 10 Called-up share capital

	2003 £	2002 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

### 11 Profit and loss account

	£
At 1 January 2003	(305,155)
Retained loss for the year	(19,848)
Balance at 31 December 2003	(325,003)

## Notes to the financial statements

For the year ended 31 December 2003

### 12 Reconciliation of movement in shareholder's funds

	2003 £	2002 £
Loss for the financial year, being the net reduction in equity shareholder's funds	(19,848)	(386,575)
Opening shareholder's (deficit)/funds	(305,153)	81,422
Closing shareholder's deficit	(325,001)	(305,153)

### 13 Related party disclosures

The Company, a wholly-owned subsidiary undertaking, has taken the exemption available from related party disclosure requirements of Financial Reporting Standard No. 8 as the financial statements of the parent company are available to the public (see Note 14).

### 14 Parent undertakings

The immediate parent undertaking of WPD Investments Limited is Western Power Distribution (South West) plc.

The smallest group in which the results of the Company are consolidated is that headed by Western Power Distribution (South West) plc, incorporated in England and Wales. Copies of their accounts may be obtained from Companies House or from Avonbank, Feeder Road, Bristol BS2 0TB.

The ultimate controlling party is PPL Corporation, registered in the United States. The largest group in which the results of the Company are consolidated is that headed by PPL Corporation. Copies of these accounts may be obtained from Two North Ninth Street, Allentown, Pennsylvania, PA18101-1179, USA.

#### Registered office:

WPD Investments Limited  
Avonbank  
Feeder Road  
Bristol BS2 0TB

Telephone : 0117 933 2000  
Fax : 0117 933 2001  
eMail: [info@westernpower.co.uk](mailto:info@westernpower.co.uk)

Registered number: 3055273