

WPD INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2001



Registered number:

3055273

WPD INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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WPD INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of WPD Investments Limited (the 'Company') for the year ended 31 December 2001.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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

The Company holds two ordinary shares of CROESO Systems Development Limited ('CSDL'), representing 50% of the issued share capital. CSDL is a joint venture with Western Power Distribution (South Wales) plc established 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. During 2001, the Company received a dividend of £11,920 from CSDL.

At 31 December 2000, the Company held an investment of £375,000 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. In February 2001, the Company decided to pay its final instalment to the Fund to take its investment to £500,000. The payment of this final instalment had been delayed. However, the Fund managers have confirmed that the Company's position in the Fund has not been affected by the delay in the payment. To reflect the delay in payment, the Company made an interest payment of £15,000 to the Fund.

During 1998, the Company invested £45,000 in ordinary shares of ebusiness South West Limited ('ebusiness'). This represented 45% of that company's issued share capital with the remainder being held by two other shareholders. On 31 March 2000, the Company increased its shareholding through the purchase of a further 45% from one of the other shareholders. The remaining 10% shareholding is held by the University of Plymouth. The principal activities of ebusiness are ebusiness development and internet design. In February 2002, the Company sold its investment in ebusiness; see subsequent event below. As a consequence, the Company has written down its investment to £1 in the year to 31 December 2001.

SUBSEQUENT EVENT

On 26 February 2002, the Company sold its shareholding in ebusiness for £1. As a result of the terms of the sale, in 2002 the Company will record a pre-tax loss on disposal. See note 12.

RESULTS AND DIVIDENDS

The loss after tax for 2001 was £43,580; the Company did not trade in 2000.

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.

As at 31 December 2001, 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

Arthur Andersen will not be seeking re-appointment as Auditors for the forthcoming year. A resolution to appoint a successor will be proposed at the next Annual General Meeting.

By Order of the Board



D C S Oosthuizen, Director

20 June 2002

Registered office :

WPD Investments Limited

Avonbank

Feeder Road

Bristol

BS2 0TB

WPD INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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 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.

WPD INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT

to the shareholders of WPD Investments Limited

We have audited the financial statements of WPD Investments Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet, and the related Notes numbered 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.


Basis of opinion

We conducted our audit in accordance with United Kingdom 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 2001 and of the Company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants & Registered Auditors
1 The Square
Temple Quay
Bristol BS1 6DG

20 June 2002

WPD INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2001

	<u>Note</u>	<u>2001</u> £	<u>2000</u> £
Impairment of fixed asset investment	3	(45,000)	
Income from joint ventures	3	<u>11,920</u>	<u>-</u>
Loss on ordinary activities before finance charges and tax	3	(33,080)	-
Finance charges	4	<u>(15,000)</u>	<u>-</u>
Loss on ordinary activities before tax		(48,080)	-
Corporation tax	5	<u>4,500</u>	<u>-</u>
Loss on ordinary activities after tax, being loss for the financial year		<u>(43,580)</u>	<u>-</u>

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

The Company did not trade in 2000.

The accompanying notes are an integral part of this profit and loss account.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

For the year ended 31 December 2001

	<u>2001</u> £	<u>2000</u> £
Loss for the financial year, being the net reduction in equity shareholder's funds	(43,580)	-
Opening shareholder's funds	<u>125,002</u>	<u>125,002</u>
Closing shareholder's funds	<u>81,422</u>	<u>125,002</u>

WPD INVESTMENTS LIMITED

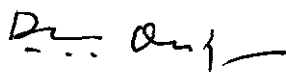
BALANCE SHEET

At 31 December 2001

	<u>Note</u>	<u>2001</u> £	<u>2000</u> £
Fixed assets			
Intangible	6	15,000	15,000
Investments	7	<u>428</u>	<u>45,322</u>
Total fixed assets		15,428	60,322
Current assets			
Debtors :	8		
Amounts due within one year		4,500	64,999
Amounts due after more than one year		499,575	374,681
Creditors - amounts due within one year	9	<u>(438,081)</u>	<u>(375,000)</u>
Net current assets		65,994	64,680
Total assets less current liabilities, being net assets		81,422	125,002
Capital and Reserves			
Called-up share capital	10	2	2
Profit and loss account	11	<u>81,420</u>	<u>125,000</u>
Equity shareholder's funds		81,422	125,002

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 5 to 10 were approved by the Board of Directors on 20 June 2002 and were signed on its behalf by:



D C S Oosthuizen
Director

WPD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1 ACCOUNTING POLICIES

Basis of preparation

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

Under Section 228(1) of the Companies Act 1985, the Company is exempt from preparing group financial statements as its results are included within the consolidated financial statements of a parent undertaking which is registered in England and Wales.

Fixed assets

Fixed assets are shown at cost less any provisions for impairment.

Cashflow statement

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

2 DIRECTORS' EMOLUMENTS

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

3 PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES AND TAXATION

On 26 February 2002, the Company sold its investment in ebusiness South West Limited for £1. As a consequence, it has reduced the value of its investment as at 31 December 2001 to £1. See note 12.

The Company received an interim dividend from its associated undertaking CROESO Systems Development Limited of £11,920 (2000 : Nil).

The Company's audit fee was borne by its immediate parent company.

4 FINANCE CHARGES

In February 2001, the Company decided to pay its final instalment to the HSBC UK Enterprise Fund for the South West. As this payment had been delayed, the Company made an interest payment of £15,000 to the Fund.

5 CORPORATION TAX

	<u>2001</u> £	<u>2000</u> £
Group relief receivable	<u>4,500</u>	<u>-</u>

WPD INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2001

6 INTANGIBLE FIXED ASSETS

Cost and net book value	<u>Total</u> <u>£</u>
Balance at beginning and end of year	<u>15,000</u>

The intangible assets relate to two website 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.

A percentage of any gain realised on the sale of the domain names is due to a third party provided the sale takes place before 1 April 2004. The percentage payable reduces on a sliding scale from 70% to 10% during the period to 1 April 2004.

7 FIXED ASSET INVESTMENTS

	<u>Shares in</u> <u>group undertakings</u> <u>£</u>	<u>Associates</u> <u>£</u>	<u>Unlisted</u> <u>investment</u> <u>£</u>	<u>Total</u> <u>£</u>
Cost and net book value				
At 1 January 2001	45,001	2	319	45,322
Addition	-	-	106	106
Impairment (Note 12)	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>
At 31 December 2001	<u>1</u>	<u>2</u>	<u>425</u>	<u>428</u>

<u>Name of undertaking</u>	<u>Principal</u> <u>activity</u>	<u>Holding</u>	<u>Proportion</u> <u>held (%)</u>
Subsidiary undertaking			
ebusiness South West Limited	ebusiness development and internet design	Ordinary shares	90%

On 26 February 2002, the Company sold its investment in ebusiness (see Note 12).

Associated undertaking

CROESO Systems Development Limited	Development of a new billing system	Ordinary shares	50%
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As at 31 March 2001, the capital and reserves of CROESO Systems Development Limited were nil and its retained loss for the year ended on that date was £22,000.

The companies are registered and operate in England and Wales.

WPD INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2001

7 FIXED ASSET INVESTMENTS (CONTINUED)

Unlisted investment

This relates to the Company's investment in the HSBC UK Enterprise Fund for the South West. On 12 February 2001, the Company agreed to pay its fourth and final instalment of £125,000 (comprising £106 equity and £124,894 loan) plus interest of £15,000 to the HSBC UK Enterprise Fund for the South West.

8 DEBTORS

	<u>2001</u> £	<u>2000</u> £
Amounts due within one year		
Amounts owed by parent undertaking	-	64,999
Group relief receivable	4,500	-
Amounts due after more than one year		
Other debtors	<u>499,575</u>	<u>374,681</u>
Total debtors	<u>504,075</u>	<u>439,680</u>

9 CREDITORS - amounts due within one year

	<u>2001</u> £	<u>2000</u> £
Amounts owed to parent undertaking	63,081	-
Other creditors	<u>375,000</u>	<u>375,000</u>
	<u>438,081</u>	<u>375,000</u>

10 CALLED-UP SHARE CAPITAL

	<u>2001</u> £	<u>2000</u> £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

WPD INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 31 December 2001

11 PROFIT AND LOSS ACCOUNT

	<u>Profit and Loss</u>
	<u>Account</u>
	<u>£</u>
At 1 January 2001	125,000
Loss for the year	(43,580)
Balance at 31 December 2001	<u><u>81,420</u></u>

12 SUBSEQUENT EVENT

On 26 February 2002, the Company sold its investment in ebusiness South West Limited for £1. As a result of the terms of the sale, in 2002 the Company will record a pre-tax loss on disposal.

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 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of WPD Investments Limited is Western Power Distribution (South West) plc. The smallest and largest group in which the results of the Company are consolidated is that headed by Western Power Distribution Holdings Limited, 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 parties are the Mirant Corporation and PPL Corporation, both registered in the United States, who have equal control of the Western Power Distribution Holdings Limited.

Registered office:

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