

Registered number: 3055273

WPD INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2002



WPD INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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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 2002.

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 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. During 2001, the Company received a dividend of £11,920 from CSDL. It is possible that CSDL could be entitled to future royalty income which would benefit the Company.

At 31 December 2000, the Company held an investment and loan totalling £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 and loan 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. 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 has recorded a pre-tax loss on disposal of £386,575. It is considered that the 7.5% retained has no value.

RESULTS AND DIVIDENDS

The loss after tax for 2002 was £386,575 (2001: £43,580).

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 2002, 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.

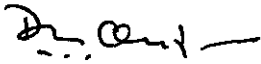
WPD INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

During the year, Arthur Andersen resigned as auditors and PricewaterhouseCoopers were appointed by the directors to fill the casual vacancy. Since the year end, PricewaterhouseCoopers have resigned as auditors and PricewaterhouseCoopers LLP were appointed by the directors to fill the casual vacancy. 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

16 July 2003

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 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.

WPD INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT

to the members of WPD Investments Limited

We have audited the financial statements 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.

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 members as a body 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.

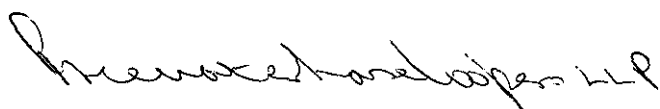
Basis of opinion

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 2002 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
16 July 2003

WPD INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

	Note	<u>2002</u> £	<u>2001</u> £
Impairment of fixed asset investment	3	-	(45,000)
Loss on sale of subsidiary :	3		
Impairment of assets retained	6	(140,000)	-
Other		(246,575)	-
Income from joint ventures	3	<u>-</u>	<u>11,920</u>
Loss on ordinary activities before interest and tax	3	(386,575)	(33,080)
Interest payable	4	<u>-</u>	<u>(15,000)</u>
Loss on ordinary activities before tax		(386,575)	(48,080)
Tax on loss on ordinary activities	5	<u>-</u>	<u>4,500</u>
Loss on ordinary activities after tax, being loss for the financial year		<u>(386,575)</u>	<u>(43,580)</u>

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 equivalent.

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

WPD INVESTMENTS LIMITED


BALANCE SHEET

At 31 December 2002

	Note	<u>2002</u> £	<u>2001</u> £
Fixed assets			
Intangible	6	25,000	15,000
Investments	7	<u>428</u>	<u>428</u>
Total fixed assets		25,428	15,428
Current assets			
Debtors :	8		
Amounts due within one year		4,500	4,500
Amounts due after more than one year		499,575	499,575
Creditors - amounts due within one year	9	<u>(834,656)</u>	<u>(438,081)</u>
Net current (liabilities)/assets		<u>(330,581)</u>	<u>65,994</u>
Net (liabilities)/assets		<u>(305,153)</u>	<u>81,422</u>
Capital and Reserves			
Called-up share capital	10	2	2
Profit and loss account	11	<u>(305,155)</u>	<u>81,420</u>
Equity shareholder's (deficit)/funds		<u>(305,153)</u>	<u>81,422</u>

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

The financial statements on pages 5 to 11 were approved by the Board of Directors on 16 July 2003 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 2002

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.

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.

Following the introduction of Financial Reporting Standard 19 ("FRS19") 'Deferred tax', the Company now makes full provision for deferred tax on timing differences which arise between its taxable profits and results as stated in the financial statements. The change in accounting policy as a result of the introduction of FRS19 has not necessitated a restatement of prior years.

Cashflow 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 cashflow 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 financial year.

WPD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

3 LOSS ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES AND TAXATION

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 (note 6). The Company also recorded a £45,000 impairment charge in relation to this subsidiary in 2001.

The Company received no interim dividend during the year from its associated undertaking CROESO Systems Development Limited (2001 : £11,920).

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 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of credit in the year

	<u>2002</u>	<u>2001</u>
	£	£
Current tax:		
UK corporation tax on loss for the year	-	4,500
Tax on loss on ordinary activities (Note 5(b))	-	4,500

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

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

	<u>2002</u>	<u>2001</u>
	£	£
Loss on ordinary activities before tax	386,575	48,080
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	115,973	14,424
Effects of :		
Expenses not deductible and income not taxable for tax purposes	(115,973)	(9,924)
Current tax credit for the year (Note 5(a))	-	4,500

WPD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

6 INTANGIBLE FIXED ASSETS

Cost and net book value	<u>Total</u> <u>£</u>
Balance at beginning of year	15,000
Acquired under the terms of the sale of ebusiness	150,000
Impairment write down of assets acquired in year	(140,000)
Balance at end of year	<u>25,000</u>

The intangible assets relate to website domain names.

A percentage of any gain realised on the sale of certain 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>Associates</u>	<u>Unlisted</u> <u>investments</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost and net book value				
At 1 January 2002	1	2	425	428
Sale	(1)	-	1	-
At 31 December 2002	<u>-</u>	<u>2</u>	<u>426</u>	<u>428</u>

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

As at 31 March 2002, the capital and reserves of CROESO Systems Development Limited were nil. It did not trade during the year ended 31 March 2002 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. 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.

WPD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

8 DEBTORS

	<u>2002</u> £	<u>2001</u> £
Amounts due within one year		
Group relief receivable	4,500	4,500
Amounts due after more than one year		
Other debtors - loan to HSBC UK Enterprise Fund (Note 7)	<u>499,575</u>	<u>499,575</u>
Total debtors	<u><u>504,075</u></u>	<u><u>504,075</u></u>

9 CREDITORS - amounts due within one year

	<u>2002</u> £	<u>2001</u> £
Amounts owed to parent undertaking	261,656	63,081
Other creditors	<u>573,000</u>	<u>375,000</u>
	<u><u>834,656</u></u>	<u><u>438,081</u></u>

10 CALLED-UP SHARE CAPITAL

	<u>2002</u> £	<u>2001</u> £
Authorised		
1,000 ordinary shares of £1 each	<u><u>1,000</u></u>	<u><u>1,000</u></u>
Allotted and fully paid		
2 ordinary shares of £1 each	<u><u>2</u></u>	<u><u>2</u></u>

11 PROFIT AND LOSS ACCOUNT

	<u>Profit and Loss</u> <u>Account</u> £
At 1 January 2002	81,420
Loss for the year	<u>(386,575)</u>
Balance at 31 December 2002	<u><u>(305,155)</u></u>

WPD INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	<u>2002</u> £	<u>2001</u> £
Loss for the financial year, being the net reduction in equity shareholder's funds	(386,575)	(43,580)
Opening shareholder's funds	<u>81,422</u>	<u>125,002</u>
Closing shareholder's (deficit)/funds	<u>(305,153)</u>	<u>81,422</u>

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 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.

At 1 January 2002, the ultimate controlling parties were Mirant Corporation and PPL Corporation, both registered in the United States, who had equal control of Western Power Distribution Holdings Limited. On 6 September 2002, PPL Corporation purchased from Mirant Corporation its investment in Western Power Distribution Holdings Limited. PPL Corporation is now the 100% owner of Western Power Distribution Holdings Limited. The largest group in which the results of the Company are consolidated is thus that headed by PPL Corporation. Copies of these accounts may be obtained from that company at Two North Ninth Street, Allentown, Pennsylvania, PA18101-1179, USA.

Registered office:

WPD Investments Limited
Avonbank
Feeder Road
Bristol BS2 0TB

Registered number 3055273

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