

Registered number: 03055273

## **WPD INVESTMENTS LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**



**WESTERN POWER**  
**DISTRIBUTION**

*Serving the Midlands, South West and Wales*

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## **Directors' report**

For the year ended 31 December 2016

The directors present their annual report and the audited financial statements of WPD Investments Limited (the 'Company') (registered number 03055273) for the year ended 31 December 2016.

The Company has taken the small company exemption available under s.415A of the Companies Act 2006.

### **Ownership**

The Company is an indirect wholly-owned subsidiary of Western Power Distribution plc which is owned indirectly by PPL Corporation, an electricity utility of Allentown, Pennsylvania, USA.

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

The principal activity of WPD Investments Limited is to make and hold investments. The Directors expect this business to continue for the foreseeable future.

In the period to 2001, the Company invested £500,000 in the HSBC UK Enterprise Fund (£425 equity and the balance a loan). The Fund provided finance to enterprises in the south west of England. Following realisation of certain of the Fund's investments, the Fund has since paid to the Company £691,012, none of which was in 2016 (2015: £95,506). The Fund has a further investment to realise and thus a further distribution is anticipated in 2017. At 31 December 2016, the investment is recorded in the Company's balance sheet at £425.

The Company holds the right to certain internet domain names which are considered to have no value. It also has a 7.5% holding in the ordinary share capital of ebusiness South West Limited, which is also considered to have no value but which is recorded at a nominal value of £1.

### **Results and dividends**

The loss for the financial year 2016 was £5,801 (2015: £74,964 profit). The Company did not pay a dividend in the year (2015: £40,312).

### **Subsequent event**

Subsequent to the year end, on 24 March 2017, the Company paid an interim dividend of £334,629 to Western Power Distribution Investments Limited which resulted in a significant reduction in the Company's net assets.

### **Going concern**

The Directors have considered the principal risks and uncertainties facing the company, and the mitigations in place to respond to these risks. Having considered these risks, the financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Subsequent to the year end, on 24 March 2017, the Company paid an interim dividend of £334,629 to Western Power Distribution Investments Limited which resulted in a significant reduction in the Company's net assets, which stood £337,952 at 31 December 2017. Taking into account this reduction in net assets, a parent undertaking has confirmed that it will provide financial support to the Company for not less than 12 months from the date of approval of the financial statements. Having assessed the parent undertaking's ability to provide such support, the Directors have concluded that the going concern basis of preparation remains appropriate.

## **Directors' report (continued)**

For the year ended 31 December 2016

### **Directors and their interests**

The directors who held office during the year and subsequently were:

D C S Oosthuizen

I R Williams

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 Act 2006 and remains in force at the date of signing the Directors' report.

### **Disclosure of information to the independent auditors**

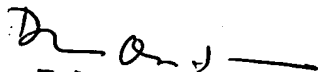
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **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, Deloitte 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 members.

By Order of the Board



D C S Oosthuizen  
Director

### **WPD Investments Limited**

Avonbank  
Feeder Road  
Bristol BS2 0TB

20 September 2017

## **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 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 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;
- 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.

## **Independent auditor's report to the members of WPD Investments Limited**

We have audited the financial statements of WPD Investments Limited for the year ended 31 December 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditor**

As explained more fully in the Statement of directors' responsibilities, 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 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its loss 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.

### **Opinion on other matter 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Directors' report.

**Independent auditors' report to the members of WPD Investments Limited  
(continued)**

**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; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the strategic report and take advantage of the small companies exemption in preparing the Directors' report.

*Delyth Jones*

Delyth Jones, Senior Statutory Auditor

For and on behalf of Deloitte LLP, Statutory Auditor, Bristol, United Kingdom

*27 September 2017*

## Profit and loss account

For the year ended 31 December 2016

	Note	2016 £	2015 £
Operating expenses	4	(8,731)	(8,517)
<b>Operating loss</b>		<b>(8,731)</b>	<b>(8,517)</b>
Income from investments:			
- Receipt from the HSBC UK Enterprise Fund		-	95,506
Interest receivable	6	1,480	1,746
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(7,251)</b>	<b>88,735</b>
Tax on (loss)/profit on ordinary activities	7	1,450	(13,771)
<b>(Loss)/profit for the financial year</b>		<b>(5,801)</b>	<b>74,964</b>

All operations are continuing.

There is no other comprehensive income/(loss) for the year ended 31 December 2016 and 31 December 2015 and therefore no separate statement of comprehensive income has been prepared.

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



**Balance sheet**

At 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	9	426	426
<b>Current assets</b>			
Debtors	10	349,853	357,098
<b>Current liabilities</b>			
Creditors	11	(12,327)	(13,771)
<b>Net current assets</b>		<b>337,526</b>	<b>343,327</b>
<b>Net assets</b>		<b>337,952</b>	<b>343,753</b>
<b>Capital and reserves</b>			
Called-up share capital	12	2	2
Profit and loss account		337,950	343,751
<b>Total shareholder's funds</b>		<b>337,952</b>	<b>343,753</b>

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

The financial statements of the Company (registered number 03055273) on pages 6 to 14 were approved by the Board of Directors on 20 September 2017 and were signed on its behalf by:



D C S Oosthuizen  
Director

# Statement of changes in equity

For the year ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 January 2015</b>	<b>2</b>	<b>309,099</b>	<b>309,101</b>
Profit for the financial year	-	74,964	74,964
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>74,964</b>	<b>74,964</b>
Equity dividends paid (Note 8)	-	(40,312)	(40,312)
<b>At 31 December 2015</b>	<b>2</b>	<b>343,751</b>	<b>343,753</b>
Loss for the financial year	-	(5,801)	(5,801)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(5,801)</b>	<b>(5,801)</b>
<b>At 31 December 2016</b>	<b>2</b>	<b>337,950</b>	<b>337,952</b>

## **Notes to the financial statements**

For the year ended 31 December 2016

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

The financial statements of WPD Investments Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the board of directors on 20 September 2017 and the balance sheet was signed on the board's behalf by D C S Oosthuizen. WPD Investments Limited is incorporated and domiciled in England and Wales.

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.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

### **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 accounts of Western Power Distribution plc. The group accounts of Western Power Distribution plc are available to the public and can be obtained as set out in Note 14.

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 principal accounting policies adopted are set out below.

#### **Going concern**

The financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future by taking into account the financial resources within the Company and the level of forecast future cashflows with the Company's affiliates. In addition, a parent undertaking has confirmed that it will provide financial support to the Company for not less than 12 months from the date of approval of the financial statements. This is discussed further within the Directors' report.

#### **Investment income**

Investment income is included in the financial statements of the year in respect of which it is receivable.

#### **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.

## **Notes to the financial statements (continued)**

For the year ended 31 December 2016

### **2. Significant accounting policies (continued)**

#### **Financial assets**

Financial assets are classified as loans and receivables, financial assets at fair value through profit or loss, held-to-maturity financial assets or as available-for-sale financial assets, as appropriate. The Company's financial assets include trade and other receivables and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value plus directly attributable transaction costs.

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

##### *Loans and receivables*

Loans and receivables 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 loans and receivables are derecognised or impaired, as well as through the amortisation process. This category of financial assets includes trade and other receivables.

##### *Available-for-sale financial assets*

The Company's available-for-sale financial assets comprise its unquoted equity investments in the HSBC UK Enterprise Fund for the South West and ebusiness South West Limited which are measured at cost, less impairment, as their fair value cannot be reliably measured.

#### **Impairment of loans and receivables**

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognised in the profit and loss account.

#### **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 trade and other payables and accruals. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

##### *Financial liabilities measured at amortised cost*

Financial liabilities are initially recognised at fair value. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. This category of financial liabilities includes trade and other payables.

### **3. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 3. Critical accounting judgements and key sources of estimation uncertainty (continued)

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. Operating expenses

Operating expenses comprise a management charge from an affiliate. This includes auditor's remuneration of £1,943 (2015: £1,882). There were no non-audit fees in the current or prior year.

### 5. Directors and employees

The Company had no employees during either financial year.

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 has paid a management charge of £8,725 (2015: £8,517) to an affiliate which include directors' emoluments allocated to the Company as part of these management fees.

### 6. Interest receivable

	2016 £	2015 £
On amounts owed by Group undertakings	1,480	1,746

### 7. Tax

a) Tax (credited)/charged in the profit and loss account:

	2016 £	2015 £
Current tax:		
UK corporation tax on (loss)/profit for the year	(1,450)	13,771
Total current tax (credit)/charge	(1,450)	13,771
Tax (credit)/charge on (loss)/profit on ordinary activities	(1,450)	13,771

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 7. Tax (continued)

#### b) Reconciliation of the total tax (credit)/charge

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are reconciled below.

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	(7,251)	88,735
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(1,450)	17,966
Effects of:		
Group relief at non-standard tax rates	-	(4,195)
<b>Tax (credit)/charge on (loss)/profit on ordinary activities</b>	<b>(1,450)</b>	<b>13,771</b>

#### (c) Factors affecting future tax charges:

The Finance (No 2) Act 2015 and the Finance Act 2016 reduced the standard rate of corporation tax from 20% to 19% with effect from 1 April 2017 and then to 17% with effect from 1 April 2020. These changes have been enacted and the impact included in these financial statements.

### 8. Dividends

	2016 £	2015 £
Amounts recognised as distributions to equity holders in the year:		
Interim dividends - equivalent to £nil per share (2015: £20,156)	-	40,312

Subsequent to the year end, on 24 March 2017, the Company paid an interim dividend of £334,629 to Western Power Distribution Investments Limited which resulted in a significant reduction in the Company's net assets.

### 9. Fixed asset investments

	Unlisted Investments £
<b>Cost and net book value</b>	
At beginning and end of the year	426

The Company has a £425 equity investment in the HSBC UK Enterprise Fund for the South West. This is a limited partnership enterprise fund, registered in England and Wales, which invested in venture capital investment opportunities in the south west of England but which is now being realised and will cease when the final investment is sold.

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 (continued)**

For the year ended 31 December 2016

**10. Debtors**

Amounts falling due within one year	2016 £	2015 £
Amounts owed by Group undertakings	349,853	357,098

**11. Creditors**

Amounts falling due within one year	2016 £	2015 £
Amounts owed to Group undertakings	6	-
Group relief payable	12,321	13,771
	12,327	13,771

**12. Allotted and issued share capital**

	2016 £	2015 £
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

The shares entitle the holders thereof to one vote per share held. Each share ranks equally for any dividend declared and any distribution made on a winding up. The shares are not redeemable.

## **Notes to the financial statements (continued)**

For the year ended 31 December 2016

### **13. Subsequent event**

Subsequent to the year end, on 24 March 2017, the Company paid an interim dividend of £334,629 to Western Power Distribution Investments Limited which resulted in a significant reduction in the Company's net assets.

### **14. Parent undertakings**

The immediate parent undertaking of WPD Investments Limited is Western Power Distribution Investments Limited which is registered in England and Wales.

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

The largest group in which the results of the Company are consolidated is that headed by PPL Corporation, incorporated in the United States of America, which is the ultimate parent undertaking and controlling party. Copies of their accounts may be obtained from their registered address at Two North Ninth Street, Allentown, Pennsylvania, PA18101-1179, US.

Registered office:

**WPD Investments Limited**

Avonbank

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