

Registered Number: 10991462

PPL WPD INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2020

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Strategic report

For the year ended 31 March 2020

The directors present their annual report and the audited financial statements of PPL WPD Investments Limited (the "Company") (registered number 10991462) for the year ended 31 March 2020.

Ownership

PPL WPD Investments Limited is a wholly-owned subsidiary of PPL WPD Limited ("PPL WPD") which is owned by PPL Corporation, an electricity utility of Allentown, Pennsylvania, United States of America ("USA"). The principal activity of PPL WPD and its subsidiaries (the "WPD Group") is the distribution of electricity in the South West and Midlands regions in England and in South Wales.

Principal activity and business review

The principal activity of the Company is to make and hold investments.

The Company's financial and non-financial key performance indicators during the year were as follows:

	2020	2019
	£m	£m
Investments	2,716.1	2,716.1
Number of active subsidiary companies	21	22

Result and dividends

The profit for the year ended 31 March 2020 was £200.1m (2019: £300.2m).

Dividends of £200.1m were paid during the year (2019: £300.2m).

One indirect subsidiary, WPD Investments Limited, was liquidated in the current year, thus the number of active subsidiaries during the year reduced from 22 to 21. The carrying value of investments mainly pertains to the trading subsidiaries and therefore remained consistent with previous year.

Financial risk management and principal risks and uncertainties

Investment in subsidiaries

The principal risk is that the Company's investment in its subsidiaries will become impaired or that they will no longer be able to distribute dividends. The directors of this Company are involved with the management of its subsidiaries and this mitigates the risk. The principal risks and uncertainties for these businesses are included within the strategic report of Western Power Distribution plc.

Impact of Brexit

Following the European Union referendum vote on 23 June 2016, the UK formally left the EU on 31 January 2020 and is currently in the transition period which ends on 31 December 2020. During the transition period, there is continued uncertainty surrounding the outlook for the UK economy, which may potentially impact the Company's direct and indirect investment in WPD Group entities.

The WPD Group is controlled by the Company's direct parent undertaking PPL WPD, which also controls the Company. A detailed Brexit assessment impact has been done at the WPD Group level and no significant risks have been identified. Disclosure in relation to this has been provided in the WPD Group consolidated financial statements. The Company calculated the fair value of its investment using a discounted cash flow model. The cash flows of the WPD Group take into account the future industry prospects and most relevant market data. The Company will continue to carefully monitor the value of its investment in WPD Group entities.

Since all of the Company's revenue pertains to dividend income from WPD Group entities based within the UK, the Company's exposure to any financial risks and to risks from the EU market place is considered minimal.

Strategic report (continued)

For the year ended 31 March 2020

Financial risk management and principal risks and uncertainties (continued)

Impact of Coronavirus 2019

Coronavirus 2019 ("COVID-19") is an infectious disease that was first identified in December 2019 in Wuhan, China. It has since spread globally, impacting the world economies and global financial markets.

The impact of economic disruption on the Company's revenue is expected to be minimal. Revenue mainly consists of dividend income received from Western Power Distribution plc, which indirectly owns the WPD Group's operating companies. The WPD Group's operating companies are Distribution Network Operators ("DNOs") across four regions i.e. South West, South Wales, East Midlands and West Midlands. DNOs are essential in keeping critical infrastructure assets operating safely and securely and in making sure that homes and businesses across the licensed regions have continued access to electricity supplies. Therefore, even in these challenging times, whereby many business sectors are impacted severely, the operating companies within the WPD Group have a continuing licence obligation to be a sustainable business and provide essential services to society. Based on licence conditions and price control allowances, the Company is expected to have a continuing, stable stream of revenue.

A detailed risk assessment of COVID-19 has been done at the WPD Group level and disclosure in relation to this has been provided in the WPD Group consolidated financial statements

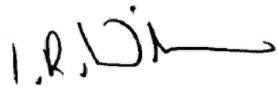
Future developments

There are no plans to change the principal activity of the Company.

Section 172 statement

Refer to page 3 below for our Section 172 statement.

Approved by the board of directors and signed on its behalf by:



IR Williams
Director

4 December 2020

Section 172 statement

For the year ended 31 March 2020

The directors of all UK companies must act in accordance with their duties under the Companies Act 2006. This includes a fundamental duty to promote the success of the Company for the benefit of its members as a whole. This duty has been central to the decision-making process of the directors of all the Companies within the WPD Group. The Board has well-established policies defining the Board's duties and responsibilities including those under section 172.

The information below describes how, in performing their duties during the year, the Directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Act, and constitutes the Board's Section 172 Statement.

Strategy and long-term decision-making

As detailed above in the Strategic report, the principal purpose of the Company is to hold investment in the WPD Group and therefore the strategy of the Company is directly linked to the strategy and goals of the WPD Group. The Board is focused on ensuring that its investment in the WPD Group continues to generate a stable investment income for the ultimate shareholder i.e. PPL Corporation.

The main business activity of the WPD Group is distribution of electricity within the South West, South Wales and the Midlands and the Board is focused on ensuring that the WPD Group promotes the success of the business in a manner that is environmentally sustainable, provides long term stability and meets the needs of its key stakeholders.

The Board maintains an oversight of the Company's investment which is directly related to the performance of the distribution network businesses within the WPD Group. The directors devolve day-to-day management and decision-making to the senior management team of the WPD Group. One director of the Company is also an executive director of the WPD Group. This ensures adequate monitoring by the Board of the Company's investments in subsidiary entities.

Policies, applicable to all the companies operating within the WPD Group, are in place defining the powers of delegation by the Board, the matters reserved for the Board and the areas of responsibilities and accountability of the Directors. Policies have been established that define the framework within which the WPD Group expects managers and employees to operate. These policies represent one of the means through which decisions on stakeholder interests within WPD Group are enacted.

Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions in support of the Company's long-term stability.

Employee interests

The Company does not employ any staff. The responsibility of the activities of the Company lies with the staff of the WPD Group as it is incidental to their roles elsewhere in the WPD Group.

For details in relation to employee interests of the WPD Group, refer to the Strategic report and Corporate governance statement in the Western Power Distribution Plc Annual report and Consolidated Financial Statements, available at the below link:

<https://www.westernpower.co.uk/about-us/financial-information>

Stakeholder engagement

Our key stakeholders are the customers, employees, regulators and suppliers of the WPD Group and our ultimate single shareholder, PPL Corporation.

Section 172 statement (continued)

For the year ended 31 March 2020

Stakeholder engagement (continued)

The Company actively engages with and is committed to providing long term, sustainable value for PPL.

One director of the Company is part of PPL's senior management team and one director of the Company is an executive director of the Western Power Distribution Plc Group. PPL's senior management has regular contact and dialogue with the directors of the Company and also with Board and senior management of the WPD Group. All key information is fed back to the PPL Board on a timely basis. Regular financial and regulatory update meetings are conducted with PPL's management team to provide updates on any key accounting, business, and legal issues.

The engagement with the customers, employees, regulators and suppliers of the WPD Group is conducted by the directors of Western Power Distribution Plc and the directors of each of the Distribution Network Operator ("DNO") companies within the WPD Group. Further details regarding these actions are provided within the Western Power Distribution Plc Annual Report and Consolidated Financial Statements. These financial statements can be accessed at the link below:

<https://www.westernpower.co.uk/about-us/financial-information>

Impact on communities and environment

The service that the DNOs within the WPD Group provide, is critical to our communities and impacts the businesses and homes we serve on a daily basis. The directors believe that working closely with our communities is important in creating shared value for the business, the people we serve and the communities we operate in. During the year the directors directly and indirectly, through the senior management team of WPD Group, engaged with over 40,000 stakeholders via a range of methods and delivered 300 improvement actions based on feedback received. These actions cover a variety of stakeholder groups including the important areas of vulnerable customers and smart networks. WPD Group has supported over 18,000 fuel poor customers in making annual savings of £6 million and proactively made contact over 1 million customers during power cuts.

Looking to the future, the electricity industry faces exciting challenges as the UK works towards achieving the Government's de-carbonisation target of net-zero carbon emissions by 2050. The directors are focused on fostering an environment that supports innovation and creativity for ensuring that technology is utilised to best effect to meet the changing demands placed upon our network. The directors recognise the WPD Group's responsibility to operate in a way that minimises our impact on the environment, evident from the fact that environmental sustainability is one of the key goals of WPD Group.

Further details on corporate social responsibility and the environmental goals of the WPD Group are provided in the Strategic report of Western Power Distribution Plc Annual Report and Consolidated Financial Statements. These financial statements can be accessed at the link below:

<https://www.westernpower.co.uk/about-us/financial-information>

Reputation for high standards of business conduct

The directors aspire for the WPD Group to develop a culture where management and the workforce is motivated to be successful for its shareholder by creating long term value and at the same time is committed to satisfying customer needs. The directors also aim for us to be a valued member of the community, which includes acting as a responsible steward of the environment. The WPD Group Board ensures that the strategy and goals of all the entities within the Group support this and engagement with all stakeholder groups reflects that this aim is embedded across the business and impacts the decision making taken throughout the WPD Group.

Section 172 statement (continued)

For the year ended 31 March 2020

Reputation for high standards of business conduct (continued)

Details of the WPD Group's business conduct are provided in the Section 172 statement for Western Power Distribution Plc Annual Report and Consolidated Financial Statements. These financial statements can be accessed at the link below:

<https://www.westernpower.co.uk/about-us/financial-information>

Examples of key decisions during the year

During the year the Company paid dividends of £200.1m (2019: £300.2m). In considering the capital distributions, the directors take account of the financial position of the Company, the strategic direction of the WPD Group and the interests of our ultimate shareholder i.e. PPL.

As part of the regulatory process for DNOs, the allowed rate of return is set by the regulator within each price control period; this is set at 6.4% in the current price control (April 2015 – March 2023). The DNOs within the WPD group reinvest a significant portion of their profits back into the network to ensure an efficient, reliable and environmentally sustainable network. In declaring the dividends, the directors, take into consideration any additional investment needs within the WPD Group along with the need to preserve a positive investor relationship by taking account of the views of the Company's ultimate shareholder i.e. PPL.

At the Company level, no key decisions during the year were taken. Key decisions during the year pertaining to the WPD Group have been discussed in detail in the Section 172 statement for Western Power Distribution Plc Annual Report and Consolidated Financial Statements. These financial statements can be accessed at the link below:

<https://www.westernpower.co.uk/about-us/financial-information>

Directors' report

For the year ended 31 March 2020

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

Directors and their interests

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

IR Williams

AJ Torok (resigned on 31 August 2020)

AW Elmore (appointed on 1 September 2020)

During and at the end of the financial year, no director was interested in any contract of significance in relation to the Company's business other than service contracts. Insurance in respect of directors and officers is maintained by the PPL WPD's ultimate parent, PPL Corporation. The insurance, which is third party qualifying indemnity 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.

Going concern

The directors have considered the appropriateness of adopting the going concern principle. This consideration included the overall position of the balance sheet which shows net assets of £2.7bn. The company has no current liabilities, and no liabilities due within 12 months of approval of the financial statements..

Impacts of COVID-19 have also been taken into consideration in arriving at this conclusion. For further details refer to the disclosure of impacts of COVID-19 as included in the Strategic report (page 2).

After consideration, the directors of the Company have concluded that the Company has sufficient resources available to enable it to continue in existence for the foreseeable future and at least for a period of 12 months from the date of signing the accounts and have therefore continued to adopt the going concern basis in preparing the financial statements.

Financial risk management

Comment on financial risk management is included in the Strategic report (page 1).

Principal risk and uncertainties

Comment on principal risks and uncertainties is included in the Strategic report (page 1 and 2).

Future developments

Comment on future developments is included in the Strategic report (page 1).

Directors' report (continued)

For the year ended 31 March 2020

Streamline energy and carbon reporting ('SECR')

The information below pertains to the WPD Group:

Total annual quantity of emissions using equivalent tonnes of carbon dioxide ("tCO₂e") - including own use

	tCO ₂ e		tCO ₂ e per employee	
	2020	2019	2020	2019
Scope 1 (direct emissions)				
Operational transport	37,621	32,215	5.72	4.85
SF6 gas	9,005	10,934	1.37	1.65
Fuel combustion (diesel / gas oil)	9,249	9,218	1.41	1.39
Buildings	211	246	0.03	0.04
	<u>56,086</u>	<u>52,613</u>	<u>8.53</u>	<u>7.93</u>
	tCO ₂ e		tCO ₂ e per employee	
	2020	2019	2020	2019
Scope 2 (energy indirect emissions)				
Buildings electricity	5,289	5,877	0.80	0.88
Substation electricity	12,129	17,260	1.84	2.60
WPD Telecoms	804	577	0.12	0.09
	<u>18,222</u>	<u>23,714</u>	<u>2.76</u>	<u>3.57</u>
Total scope 1 & 2	<u>74,308</u>	<u>76,327</u>	<u>11.29</u>	<u>11.50</u>
Scope 3 (other indirect emissions)				
Business transport	3,606	3,437	0.55	0.52
	<u>77,914</u>	<u>79,764</u>	<u>11.84</u>	<u>12.02</u>

The Group's chosen intensity measurement is tonnes of carbon dioxide equivalent per employee.

Aggregate in kWh of annual quantity of energy consumed for business activities and own use

Electricity energy consumed for the year to 31 March 2020 is kWh 23,259,982 (2019: kWh 22,800,569).

Gas energy consumed for the year to 31 March 2020 is kWh 1,150,183 (2019: kWh 1,149,182).

Energy consumed for helicopters for the year to 31 March 2020 is kWh 4,478,197 (2019: kWh 6,700,983).

Methodologies used in calculating energy and carbon reporting data

Our BCF details the impact that our operational activities have on the environment in terms of tCO₂e emissions and takes account of our energy usage from offices, transport emissions (operational and business), fuel combustion and the release of greenhouse gases (SF6). The reported data for operational transport (road) and fuel combustion also takes account of a number of our larger contractor emissions as required under the Ofgem reporting requirements.

The data compiled and reported by the Group follows a recognised methodology as described within international business carbon footprint standards, the Greenhouse Gas ("GHG") reporting protocol and ISO14064-1. ISO14064-1 specifies principles and requirements at the organisation level for quantification and reporting of GHG emissions and removals. Our published BCF data has been verified and data assured for accuracy and compliance with the standards detailed above.

Directors' report (continued)

For the year ended 31 March 2020

Streamline energy and carbon reporting ('SECR') (continued)

Measures for increasing the Group's efficiency during the year

During 2019/20, the Group has implemented the following energy efficiency measures:

- replacement of older operational fleet vehicles with more fuel efficient alternatives and improving awareness of the impacts of driving style on fuel efficiency and vehicle emissions;
- continuing to trial and purchase electric operational fleet vehicles;
- installation of electric vehicle charging points at many of our non-operational depot sites for both fleet and employee owned electric vehicles;
- improvements to the reporting of SF6 gas leaks from our installed equipment and fully utilising the infrared SF6 detection cameras enabling us to quickly pinpoint the source of leaks;
- ensuring that all newly built WPD depots achieve the UK Building Research Establishment Environment Assessment Method ("BREEAM") standard of 'Excellent' as a minimum and that refurbished existing depots achieve the 'Very Good' standard;
- the on-going replacement with more modern and energy efficient heating and cooling systems throughout our property portfolio plus undertaking an energy efficiency review at many of our non-operational and operational sites including employee energy awareness campaigns.

Subsequent events

Subsequent to the year end, on 15 June 2020, the Company paid an interim dividend of £30.0m to PPL WPD Limited. The dividend paid is 1 pence per share.

On 10 August 2020, PPL publically announced its intention to sell its UK business (Western Power Distribution) and reposition PPL as a US focused utility. PPL aims to complete this process and announce a transaction in the first half of 2021.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, of which the auditor is unaware. Each director has taken all the steps that he/she ought to have taken as a director to make himself/herself 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.

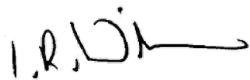
Directors' report (continued)

For the year ended 31 March 2020

Independent auditor

Deloitte LLP have expressed their willingness to continue in office and a resolution proposing their re-appointment will be put before the Annual General Meeting.

Approved by the board of directors and signed on its behalf by:



Director
IR Williams

4 December 2020

PPL WPD Investments Limited

Avonbank
Feeder Road
Bristol
BS2 0TB

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 Financial Reporting Standard ("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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 member of PPL WPD Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of PPL WPD Investments Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a year of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the member of PPL WPD Investments Limited (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters 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 strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have 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 strategic report or the director's report.

**Independent auditor's report to the member of PPL WPD Investments Limited
(continued)**

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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 member as a body, for our audit work, for this report, or for the opinions we have formed.



Suzanne Gallagher, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

4 December 2020

Profit and loss account

For the year ended 31 March 2020

	Note	2020 £m	2019 £m
Income from investments		200.1	300.2
Profit before tax		200.1	300.2
Tax on profit	6	-	-
Profit for the year		200.1	300.2

All operations are continuing.

There is no comprehensive income other than that included in the profits above and therefore no separate statement of comprehensive income has been prepared.

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

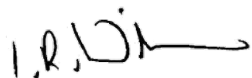
Balance sheet

As at 31 March 2020

	Note	2020 £m	2019 £m
Fixed assets			
Investments	8	2,716.1	2,716.1
Net assets		2,716.1	2,716.1
Capital and reserves			
Called-up share capital	9	2,716.1	2,716.1
Profit and loss reserve		-	-
Equity shareholder's funds		2,716.1	2,716.1

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

The financial statements of the Company (registered number 10991462) on pages 14 to 22 were approved and authorised for issue by the Board of Directors on 4 December 2020 and were signed on its behalf by:



IR Williams
Director

Statement of changes in equity

For the year ended 31 March 2020

	Note	Called-up share capital £m	Profit and loss reserve £m	Total £m
At 1 April 2018		2,716.1	-	2,716.1
Profit for the financial period		-	300.2	300.2
Total comprehensive income for the period		-	300.2	300.2
Dividends paid	7	-	(300.2)	(293.2)
At 31 March 2019		2,716.1	-	2,716.1
Profit for the financial year		-	200.1	200.1
Total comprehensive income for the year		-	200.1	200.1
Dividends paid	7	-	(200.1)	(193.1)
At 31 March 2020		2,716.1	-	2,716.1

Notes to the financial statements

For the year ended 31 March 2020

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

The financial statements of PPL WPD Investments Limited (the "Company") for the year ended 31 March 2020 were authorised for issue by the board of directors on 4 December 2020 and the balance sheet was signed on the board's behalf by IR Williams. PPL WPD Investments Limited is a private company limited by shares, incorporated and registered in England and Wales. The registered address is included at Note 11.

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.

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 a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the group financial statements of PPL Corporation, a company registered in the US. The group financial statements of PPL Corporation are available to the public and can be obtained as set out in Note 11.

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 Company's financial statements are presented in Sterling as this is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest hundred thousand pounds except when otherwise indicated.

The principal accounting policies adopted are set out below.

Going concern

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This is discussed further within the Directors' report (page 6).

Group financial statements

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

Notes to the financial statements

For the year ended 31 March 2020

2. Significant accounting policies (continued)

Impact of New Financial Reporting Standards

The following new standards are effective for accounting periods beginning on or after 1 January 2019:

IFRS 16

IFRS 16 "Leases" supersedes the current lease guidance including IAS 17 "Leases" and the related interpretations and is effective for accounting periods beginning on or after 1 January 2019. IFRS 16 provides comprehensive guidance for the identification of lease arrangements for both lessee and lessor and a new model for lessee accounting in which all leases, other than short-term and small-ticket-item leases, are accounted for by the recognition on the balance sheet of a right-to-use asset and a lease liability, and the subsequent amortisation of the right-to-use asset and unwinding of the lease liability using an appropriate discount rate over the lease term.

The Company has assessed the impact of this standard and concluded that there has been no material change to the Company's financial statements.

IFRIC 23

IFRIC 23 "Uncertainty over Income Tax Treatments" is effective for annual periods beginning on or after 1 January 2019 and aims to clarify the accounting for uncertainties in income taxes. IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 "Income Taxes".

The Company has assessed the impact of this standard and concluded that there has been no material change to the Company's financial statements.

Investment income

Investment income, in the form of dividends, is included in the profit and loss account when the shareholder's right to receive payment is established.

Taxation

The income tax expense (or credit) for the period comprises current and deferred tax. Income tax is recognised in the income statement unless it relates to an item that has been recognised in other comprehensive income, in which case it is also be recognised in other comprehensive income.

Current tax is measured at the amount expected to be payable (or recoverable) in respect of the taxable profit (or loss) for the period based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. This includes UK corporation tax payable to HM Revenue and Customs ("HMRC") and amounts payable to (or receivable from) other UK group companies for losses and other amounts transferred between them ("group relief").

Deferred tax is the tax expected to be payable (or recoverable) in future periods due to differences between the time when profits and losses are recognised in the financial statements and the time when those profits and losses are included in tax returns filed with HMRC. These temporary differences arise in the current period and then reverse in future periods. The temporary differences are calculated by comparing the carrying value of assets and liabilities at the balance sheet date with their corresponding tax bases included in tax returns.

Deferred tax is recognised on all temporary differences except:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;

Notes to the financial statements (continued)

For the year ended 31 March 2020

2. Significant accounting policies (continued)

Taxation (continued)

- deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the asset may be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods when the temporary differences will reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset only to the extent permitted by tax legislation.

Investments - shares

Investments in shares in subsidiary undertakings are shown at cost less any provisions for impairment. Investments are reviewed for impairment if there are indications that the carrying value may not be recoverable. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying value and recoverable amount being the higher of fair value less costs to sell and value in use. The impairment, if any, is charged to the profit and loss account.

Share capital

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value the proceeds in excess of par value have not been recorded following use of Group reconstruction relief.

Dividends

Dividend distributions are recognised as liability in the Company's financial statements in the year in which the dividends are approved by the Company's directors.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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.

There are no judgements 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.

Notes to the financial statements (continued)

For the year ended 31 March 2020

4. Audit fees

The operating costs include a management charge from an affiliate. This includes auditor's remuneration of £2,200 (2019: £2,136) for the audit of these financial statements. There were no non-audit fees in the current year.

There is no line item for operating costs in the profit and loss account as it rounds to £0.0m (2019: £0.0m).

5. Employees and directors

The directors did not receive remuneration in the year for their services as directors of the Company as these are incidental to their roles elsewhere in the group. The Company did not employ any staff in the year.

6. Tax

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

There was no tax charged in the profit and loss account in the current year or prior period.

(b) Reconciliation of the total tax charge:

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	2020 £m	2019 £m
Profit before tax	200.1	300.2
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	38.0	57.0
Effects of:		
Income not taxable for tax purposes	(38.0)	(57.0)
Current tax charge for the year	-	-

c) Change in Corporation Tax rate

The Finance Act 2016 reduced the standard rate of corporation tax to 17% from 1 April 2020 and this rate was enacted at 31 March 2019. This rate reduction has been reversed by the Finance Bill 2020 and the rate will remain at 19% for the foreseeable future. This was substantively enacted on 17 March 2020 but there is no impact in these financial statements as a provision for deferred tax is not needed.

7. Dividends

	2020 £m	2019 £m
Dividends on equity shares:		
Interim dividends: £7.4 pence per share (2019: £11.1 pence per share)	200.1	300.2

Notes to the financial statements (continued)

For the year ended 31 March 2020

8. Investments

Subsidiary
undertakings
£m

Cost and net book

At 31 March 2019 and 31 March 2020

2,716.1

Details of the Company's direct and indirect subsidiary undertakings are as follows:

Subsidiary	Principal activity	Proportion (%)
Western Power Distribution (South West) plc	Electricity distribution	100
Western Power Distribution (South Wales) plc	Electricity distribution	100
Western Power Distribution (East Midlands) plc	Electricity distribution	100
Western Power Distribution (West Midlands) plc	Electricity distribution	100
Western Power Distribution plc	Investment company	100
WPD Distribution Network Holdings Limited	Investment company	100
PPL Island Limited	Investment company	100
PPL WEM Limited	Investment company	100
PPL Midlands Limited	Investment company	100
PPL UK Investments Limited	Investment company	100
Western Power Distribution Investments Limited	Investment company	100
WPD Telecoms Limited	Telecommunications	100
Western Power Generation Limited	Power generation	100
WPD Property Investments Limited	Property management	100
Kelston Properties 2 Limited	Property management	100
Aztec Insurance Limited ^	Insurance	100
South Western Helicopters Limited	Helicopter operator	100
WPD Investment Holdings Limited	Investment company	100
WPD Smart Metering Limited	Electricity metering	100
WPD Midlands Properties Limited (in liquidation)	Investment company	100
WPD Limited ^	Property management	100
Hyder Profit Sharing Trustees Limited	Dormant company	100
WW Share Scheme Trustees Limited	Dormant company	100
South Wales Electricity Share Scheme Trustees Limited	Dormant company	100
Infralec 1992 Pension Trustee Limited	Dormant company	100
WPD Midlands Networks Contracting Limited	Dormant company	100
Central Networks Trustees Limited	Dormant company	100
WPD Share Scheme Trustees Limited	Dormant company	100
Western Power Pension Trustee Limited	Dormant company	100
WPD Limited	Dormant company	100
Meter Reading Services Limited	Dormant company	100
Meter Operator Services Limited	Dormant company	100
Hyder Share Scheme Trustee Limited	Dormant company	100
Hyder Share Scheme Trustee 2 Limited	Dormant company	100

^ Incorporated in Guernsey.

All undertakings are registered in England and Wales unless stated.

Notes to the financial statements (continued)

For the year ended 31 March 2020

8. Investments (continued)

Except for Aztec Insurance Limited and WPD Limited, the registered office of all subsidiary undertakings is Avonbank, Feeder Road, Bristol BS2 0TB. The registered office for Aztec Insurance Limited is Marsh Management Services Limited, PO Box 34, St Martins House, Le Bordage, St Peters Port, Guernsey, GY1 4AU and for WPD Limited is Elizabeth House, Les Ruettes Brayes, St Peters Port, Guernsey, GY1 1EW.

Except for Western Power Distribution plc, which is owned 100% directly, all shares are held by subsidiary undertakings. All holdings are in ordinary shares.

9. Called-up share capital	2020 £m	2019 £m
Allotted, called-up and fully paid:		
2,716,100,001 ordinary shares of £1 each	2,716.1	2,716.1

10. Events after the reporting period

Subsequent to the year end, on 15 June 2020, the Company paid an interim dividend of £30.0m to PPL WPD Limited. The dividend paid is 1 pence per share.

On 10 August 2020, PPL publically announced its intention to sell its UK business (Western Power Distribution) and reposition PPL as a US focused utility. PPL aims to complete this process and announce a transaction in the first half of 2021.

Subsequent to the year end the COVID-19 situation continues to unfold. We have outlined the details of the impacts of COVID-19 on the Company and its liquidity and going concern in the Strategic report (Page 2) and Directors' report (Page 6).

11. Ultimate parent undertaking

The immediate parent undertaking of the Company is PPL WPD Limited, which is registered in England and Wales.

The smallest and 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 its financial statements may be obtained from its registered address at Two North Ninth Street, Allentown, Pennsylvania, PA18101-1179, US.

Registered office:

PPL WPD Investments Limited
Avonbank
Feeder Road
Bristol BS2 0TB

Telephone: 0117 933 2000
email: info@westernpower.co.uk
Registered number: 10991462