

Registered Number: 2579323

SOUTH WALES TPL INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2005

South Wales TPL Investments Limited is an integral part of a larger UK group. The structure of the group is such that the financial statements of South Wales TPL Investments Limited must be read in conjunction with the group financial statements of Western Power Distribution Holdings Limited to gain a full understanding of the group results for the year and the related cash flows, together with the financial position of the group as at 31 March.



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Directors' report

For the year ended 31 March 2005

The directors present their annual report and audited financial statements of South Wales TPL Investments Limited (the "Company") for the year ended 31 March 2005.

Ownership

The Company is a wholly-owned subsidiary within the Western Power Distribution Holdings Limited group ("WPD" or "Group"). The Group owns and operates the electricity distribution networks in South West England and South Wales.

Principal activity and business review

The principal activity of the Company is investment in projects for the generation of electricity.

The Company has invested approximately £13m in Teesside Power Limited ("TPL"), which represents a 7.69% equity share. TPL owns and operates a 1,925 MW generating station on Teesside. Enron participated in TPL as an owner, an operator and a power purchaser. Following the financial collapse of Enron, the Company's investment is unlikely to have any further value and therefore the value of the investment was written off in the year ended 31 March 2002.

The Company is involved in the management of TPL and receives a fee for these services.

Future developments

The Company will seek to maximise its investment in TPL.

Results and dividends

The profit for the financial year was £680,000 (2004: £264,000 profit for the year).

No dividends were paid or proposed during the year (2004: nil).

Directors and their interests

The directors who served during the year were as follows:

T Masood

(resigned 27 April 2005)

D C S Oosthuizen

On 27 April 2005, T Masood resigned and R C Smyth was appointed as a director.

No director had any interest in the shares of the Company or any company within the Western Power Distribution Holdings Limited Group at any time during the period. There were no significant contracts subsisting during or at the end of the period with the Company in which any director is or was materially interested.

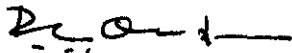
Directors' report (continued)

For the year ended 31 March 2005

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, PricewaterhouseCoopers 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 its member.

By Order of the Board,



DCS Oosthuizen
Director

South Wales TPL Investments Limited
Avonbank
Feeder Road
Bristol BS2 0TB

20 May 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the member of South Wales TPL 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 member in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into 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.

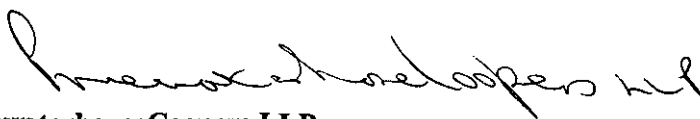
Basis of opinion

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 judgements 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 March 2005 and of the Company's profit 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

20 May 2005

Profit and loss account

For the year ended 31 March 2005

	Note	2005 £'000	2004 £'000
Turnover	2	421	250
Operating expenses	3	(49)	(68)
Operating profit		372	182
Interest receivable		264	197
Profit on ordinary activities before tax		636	379
Taxation	5	44	(115)
Profit for the financial year	9	680	264

All operations are continuing.

There are no recognised gains or losses other than those in the results above and therefore no separate statement of total recognised gains and losses has been presented. All amounts relate to continuing operations.

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

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

Balance sheet

As at 31 March 2005

	Note	2005 £'000	2004 £'000
Fixed asset investment	6	-	-
Current assets			
Debtors	7	4,535	3,853
Creditors			
Amounts falling due within one year	8	(12,062)	(12,060)
Net liabilities		(7,527)	(8,207)
Capital and reserves			
Called-up share capital	9	-	-
Profit and loss account	10	(7,527)	(8,207)
Equity shareholder's deficit	11	(7,527)	(8,207)

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

The financial statements on pages 5 to 10 were approved by the Board of Directors on 20 May 2005 and were signed on its behalf by:



DCS Oosthuizen
Director

Notes to the financial statements

For the year ended 31 March 2005

1. Accounting policies

The principal accounting policies are summarised below. They have been consistently applied throughout the year.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable accounting standards. They have been prepared under United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Going concern

The financial statements have been prepared on the going concern basis as 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.

Turnover

Turnover is stated net of value added tax.

Dividend income

Dividend income is included in the financial statements when the dividend becomes due and payable.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Investments

Fixed asset investments are stated at cost less any provisions for impairment.

Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (revised) on the basis that it is a wholly-owned subsidiary of Western Power Distribution Holdings Limited, which is registered in England and Wales and includes a consolidated cash flow statement in its group financial statements.

2. Turnover

Turnover represents the provision of management services to TPL. The Company operates wholly in the United Kingdom.

Notes to the financial statements

For the year ended 31 March 2005

3. Operating expenses

Auditors' remuneration (for audit services) has been borne by another group company.

4. Directors and employees

The Company did not employ any staff during either year. No payments were made to the directors for services provided to the Company.

5. Taxation

(a) Analysis of (credit)/charge in the year	2005 £'000	2004 £'000
Current tax:		
UK corporation tax on profit for the year	(44)	114
Adjustment to current tax in respect of previous years	-	1
Total current tax (note 5(b))	(44)	115

(b) Factors affecting the current tax (credit)/charge for the year

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

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	636	379
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	191	114
Effects of:		
Expenses not deductible and income not taxable for tax purposes	4	-
Notional intra-group recharges required under UK tax legislation	(239)	-
Adjustments to current tax charge in respect of previous years	-	1
Current tax (credit)/charge for the year (note 5(a))	(44)	115

Notes to the financial statements

For the year ended 31 March 2005

6. Fixed asset investment

TPL owns and operates a 1,925 MW generating station on Teesside. Enron participated in TPL as an owner, an operator and a power purchaser. Following the financial collapse of Enron, the investment is unlikely to have any further value and thus the value of the investment of £13.1m was written off during the year ended 31 March 2002.

The investment comprises:

Name	Principal activity	Holding	Proportion held
Teesside Power Limited	Electricity generation	'D' Ordinary shares	7.69%

7. Debtors

	2005 £'000	2004 £'000
Trade debtors	176	11
Prepayments and accrued income	7	94
Amounts owed by other Group undertakings	4,352	3,748
	4,535	3,853

8. Creditors - amounts falling due within one year

	2005 £'000	2004 £'000
Amounts owed to other Group undertakings	11,875	11,915
Corporation tax	100	145
Accruals and deferred income	61	-
Other creditors	26	-
	12,062	12,060

9. Called-up share capital

	2005 £	2004 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called-up and fully paid:		
2 ordinary shares of £1 each	2	2

Notes to the financial statements

For the year ended 31 March 2005

10. Profit and loss account

	2005 £'000	2004 £'000
At 1 April	(8,207)	(8,471)
Retained profit for the financial year	680	264
At 31 March	(7,527)	(8,207)

11. Reconciliation of movements in equity shareholder's deficit

	2005 £'000	2004 £'000
Net decrease in equity shareholder's deficit, being profit for the financial year	680	264
Opening equity shareholder's deficit	(8,207)	(8,471)
Closing equity shareholder's deficit	(7,527)	(8,207)

12. Related party transactions

The Company, a wholly-owned subsidiary undertaking, has taken the exemption available from related party disclosure requirements of Financial Reporting Standard 8 as the financial statements of the parent company are available to the public (see Note 13).

13. Ultimate parent undertaking

The immediate parent undertaking of South Wales TPL Investments Limited is Western Power Distribution Investments Limited (formerly known as Hyder Industrial Group 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 Holdings Limited. Copies of these financial statements may be obtained from the Company's registered office as stated below. The largest group in which the results of the Company are consolidated is headed by PPL Corporation, which is the ultimate parent undertaking. Copies of their accounts may be obtained from that company at Two North Ninth Street, Allentown, Pennsylvania, PA18101-1179, US.

Registered office:

South Wales TPL Investments Limited
Avonbank
Feeder Road
Bristol BS2 0TB

Telephone : 0117 933 2000
Fax : 0117 933 2001
eMail: info@westernpower.co.uk

Registered number 2579323