

Registered Number: 2579323

SOUTH WALES TPL INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2004

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 2004

The directors present their annual report and audited financial statements of South Wales TPL Investments Limited (the 'Company') for the year ended 31 March 2004.

Ownership

The Company is a wholly-owned subsidiary within the Western Power Distribution Holdings Limited group (the '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.

Results and dividends

The profit for the financial year was £264,000 (2003: £97,000 profit for the year).

No dividends were paid or proposed during the year (2003: £Nil).

Directors and their interests

The directors who served during the year were as follows:

T Masood

D C S Oosthuizen

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 2004

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

11 August 2004

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 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 is not disclosed.

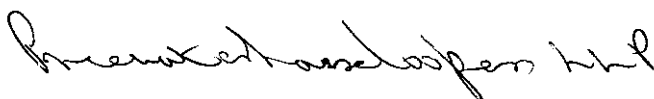
Basis of opinion

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 Company's circumstances, 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 2004 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

11 August 2004

Profit and loss account

For the year ended 31 March 2004

| | Note | 2004 £'000 | 2003 £'000 |
|---|------|---------------|---------------|
| Turnover | 2 | 250 | 125 |
| Operating expenses | | (68) | (19) |
| Operating profit/(loss) | | 182 | 106 |
| Interest receivable from other Group companies | | 197 | - |
| Profit on ordinary activities before tax | | 379 | 106 |
| Taxation | 3 | (115) | (9) |
| Profit for the financial year | 9 | 264 | 97 |

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.

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

31 March 2004

| | Note | 2004 £'000 | 2003 £'000 |
|-------------------------------------|------|----------------|----------------|
| Fixed asset investment | 5 | - | - |
| Current assets | | | |
| Debtors | 6 | 3,853 | 3,387 |
| Creditors | | | |
| Amounts falling due within one year | 7 | (12,060) | (11,858) |
| Net liabilities | | (8,207) | (8,471) |
| Capital and reserves | | | |
| Called-up share capital | 8 | - | - |
| Profit and loss account | 9 | (8,207) | (8,471) |
| Equity shareholder's deficit | 10 | (8,207) | (8,471) |

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 11 August 2004 and were signed on its behalf by:



DCS Oosthuizen
Director

Notes to the financial statements

For the year ended 31 March 2004

1. Accounting policies

A summary of the principal accounting policies, all of which have been consistently applied, are set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

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

Turnover

Turnover is stated net of value added tax.

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 2004

3. Taxation

| (a) Analysis of charge in the year | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Current tax: | | |
| UK corporation tax on profit for the year | 114 | 31 |
| Adjustment to current tax in respect of previous years | 1 | (22) |
| Total current tax (note 3(b)) | 115 | 9 |

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

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

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 379 | 106 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK at 30% | 114 | 32 |
| Effects of: | | |
| Expenses not deductible and income not taxable for tax purposes | - | (1) |
| Adjustments to tax charge in respect of previous years | 1 | (22) |
| Current tax charge for the year (note 3(a)) | 115 | 9 |

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.

Notes to the financial statements

For the year ended 31 March 2004

5. Fixed asset investment

The Company holds 7.7% of the equity of Teesside Power Limited ('TPL'), which 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 thus the value of the investment was written off in the year ended 31 March 2002.

The investment comprises:

| Name | Principal activity | Holding | Proportion held |
|------------------------|------------------------|-----------------|-----------------|
| Teesside Power Limited | Electricity generation | Ordinary shares | 7.69% |

6. Debtors

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Trade debtors | 11 | - |
| Prepayments and accrued income | 94 | 31 |
| Amounts owed by other Group undertakings | 3,748 | 3,356 |
| | 3,853 | 3,387 |

7. Creditors

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Amounts owed to other Group undertakings | 11,915 | 11,817 |
| Corporation tax | 145 | 30 |
| Other creditors | - | 11 |
| | 12,060 | 11,858 |

8. Called-up share capital

| | 2004 £ | 2003 £ |
|-------------------------------------|-----------|-----------|
| 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 2004

9. Profit and loss account

£'000

| | |
|--|----------------|
| At 1 April 2003 | (8,471) |
| Retained profit for the financial year | 264 |
| At 31 March 2004 | (8,207) |

10. Reconciliation of movements in equity shareholder's funds

| | 2004 £'000 | 2003 £'000 |
|---|----------------|----------------|
| Net decrease in equity shareholder's deficit, being profit for the financial year | 264 | 97 |
| Opening equity shareholder's deficit | (8,471) | (8,568) |
| Closing equity shareholder's deficit | (8,207) | (8,471) |

11. 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 (note 12).

12. 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. 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